

Doc Code:

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Patent and Trademark Office, U.S. DEPARTMENT OF COMMERCE

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<b>REVOCATION OF POWER OF ATTORNEY WITH NEW POWER OF ATTORNEY AND CHANGE OF CORRESPONDENCE ADDRESS</b>	Application Number	09/852,049
	Filing Date	05/09/2001
	First Named Inventor	Thomas R. Eismann
	Art Unit	2626
	Examiner Name	David D. Knepper
	Attorney Docket Number	1026-00511

I hereby revoke all previous powers of attorney given in the above-identified application:

☐ A Power of Attorney is submitted herewith.

OR

☒ I hereby appoint the practitioners associated with the Customer Number: 29973

☒ Please change the correspondence address for the above-identified application to:

☒ The address associated with Customer Number: 29973

OR

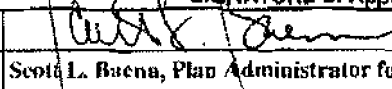
<input type="checkbox"/> Firm or Individual Name					
Address					
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Country					
Telephone		Email			

I am the:

☐ Applicant/Inventor.

☒ Assignee of record of the entire interest. See 37 CFR 3.71  
Statement under 37 CFR 2.73(b) is enclosed. (Form PTO/SB/96)

**SIGNATURE of Applicant or Assignee of Record**

Signature			
Name	Scott L. Buena, Plant Administrator for Post Effective L&H		
Date	January 16, 2008	Telephone	

NOTE: Signatures of all the inventors or assignees of record of the entire interest or their representative(s) are required. Submit multiple forms if more than one signature is required, see below.

☐ \*Total of \_\_\_\_\_ forms are submitted.

This collection of information is required by 37 CFR 1.36. The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO to process) an application. Confidentiality is governed by 36 U.S.C. 122 and 37 CFR 1.11 and 1.14. This collection is estimated to take 3 minutes to complete, including gathering, preparing, and submitting the completed application form to the USPTO. Time will vary depending on the individual case. Any comments on the amount of time you require to complete this form and/or suggestions for reducing this burden should be sent to the Chief Information Officer, U.S. Patent and Trademark Office, U.S. Department of Commerce, P.O. Box 1450, Alexandria, VA 22313-1450. DO NOT SEND FEES OR COMPLETED FORMS TO THIS ADDRESS. SEND TO: Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450.

If you need assistance in completing the form, call 1-800-PTO-9199 and select option 2

Additional documents in the chain of title listed below:

From: ASI Acquisition Corporation To: fonix/ASI Corporation (Change of Name)  
For which a copy thereof is attached

From: fonix/ASI Corporation To: Fonix Corporation (Merger)  
For which a copy thereof is attached

From: Fonix Corporation To: Lernout & Hauspie Speech Products N.V. (Assignment)  
For which a copy thereof is attached

From: Lernout & Hauspie Speech Products N.V. To: Scott L. Baena, Plan Administrator for  
Post Effective Date L&H (Plan Administration Agreement)  
For which a copy thereof is attached

From: Lernout & Hauspie Speech Products N.V. To: Scott L. Baena, Plan Administrator for  
Post Effective Date L&H (Official Committee of Unsecured Creditors)  
For which a copy thereof is attached

From: Lernout & Hauspie Speech Products N.V. To: Scott L. Baena, Plan Administrator for  
Post Effective Date L&H (Findings of Fact and Conclusions of Law)  
For which a copy thereof is attached

ASSIGNMENT

For valuable consideration, I, Thomas R. Firman  
FIRST MIDDLE INITIAL LAST  
of Oakland, California, hereby assign  
CITY OR TOWN STATE  
to ARTICULATE SYSTEMS, INC., a  
California corporation having a place of business  
at Cambridge, Massachusetts  
and its successors and assigns (collectively hereinafter called "the Assignee"), the  
entire right, title and interest throughout the world in the inventions and improve-  
ments which are the subject of an application for United States Patent ~~signed by me~~  
Serial No. 370,779, filed June 23, 1989  
~~this day~~ entitled

VOICE CONTROLLED COMPUTER INTERFACE

this assignment including said application, any and all United States and foreign  
patents granted for any of said inventions or improvements, and the right to claim  
priority based on the filing date of said application under the International Convention  
for the Protection of Industrial Property, the Patent Cooperation Treaty, the European  
Patent Convention, and all other treaties of like purposes; and I authorize the Assignee  
to apply in all countries in my name or in its own name for patents and like rights of  
exclusion and for inventor's certificates for said inventions and improvements; and I  
agree for myself and my heirs, legal representatives and assigns, without further  
compensation to perform such lawful acts and to sign such further applications,  
assignments, Preliminary Statements and other lawful documents as the Assignee  
may reasonably request to effectuate fully this assignment.

In WITNESS WHEREOF, I hereto set my hand and seal at Berkeley,  
California, this 19<sup>th</sup> day of October, 1989

Thomas R. Firman L.S.  
FIRST MIDDLE INITIAL LAST  
STATE OF California Thomas R. Firman  
SS.  
COUNTY OF Alameda

Before me this 19<sup>th</sup> day of October, 1989, personally  
appeared THOMAS R. FIRMAN known to me to be  
the person whose name is subscribed to the foregoing Assignment and acknowledged  
that he executed the same as his free act and deed for the purposes therein contained.

RECORDED  
PATENT & TRADEMARK OFFICE  
[Notary's  
seal here]

Margo N. Robison  
Notary Public  
My commission expires: ☒

DEC 11 1989  
Jeff M. Smith  
ACTING COMMISSIONER, OF  
PATENTS AND TRADEMARK OFFICE



REEL 5209 FRAME 244

PATENT ASSIGNMENT

WHEREAS, Articulate Systems, Incorporated, a Delaware corporation having a place of business at 600 West Cummings Park, Suite 4500, Woburn, Massachusetts 01801 (hereinafter "ASSIGNOR"), is the owner of all right, title and interest in and to a patent and certain patent applications, and the inventions embodied therein, which are listed on the attached Schedule of Patent Property (hereinafter "Patent Property"); and

WHEREAS, ASSIGNOR has agreed to assign all of its rights in the Patent Property to ASI Acquisition Corporation, a Utah corporation having a place of business at 1225 Eaglegate, 60 East South Temple Street, Salt Lake City, Utah 84111 (hereinafter "ASSIGNEE");

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, ASSIGNOR hereby assigns and transfers to ASSIGNEE, and to its successors and assigns, its full and exclusive right, title and interest in and to the Patent Property and to any and all continuations, continuations in-part, divisions, patents of addition, renewals, extensions, foreign counterparts, utility models, reexaminations, and reissues of any of said Patent Property for the full term thereof, this assignment including ASSIGNOR'S entire right to bring suit and recover damages for past infringement of any of said Patent Property and to assert any claim, action, or cause of action that may have arisen prior to the date of this assignment or thereafter under any of said Patent Property.

Articulate Systems Inc.

By

[print name]

[print title]

T. Ivan Mencia  
President

STATE OF Massachusetts

COUNTY OF Suffolk

On this 2nd day of September 1998 personally appeared  
T. Ivan Mencia who executed the foregoing  
instrument, and (s)he acknowledged to me that (s)he executed the same.

Jaime M. Walsh  
Notary Public

My Commission Expires: 11/2/01



Schedule of Patent Property

Title and Inventor(s)	Country	Status	Application Data
Voice Controlled Computer Interface Inventor: Thomas R. Firman	United States	Issued	U.S. Pat. No. 5,577,303 Issued December 27, 1994
Voice Controlled Computer Interface Inventor: Thomas R. Firman	United States	Abandoned	U.S. Ser. No. 08/200,886. continuation of U.S. Ser. No. 08/165,014
Voice Interaction with a Graphical User Interface Inventors: Peter M. Durlach et als.	United States	Abandoned	U.S. Ser. No. 08/815,229. abandoned; continuation of U.S. Ser. No. 08/180,093
Automatic Assembly of Voice Control Information Inventor: Thomas R. Firman	United States	Pending	U.S. Ser. No. 08/665,493; continuation of U.S. Ser. No. 08/200,886
Voice Controlled Computer Interface Inventor: Thomas R. Firman	United States	Pending	U.S. Ser. No. 08/976,908; continuation-in-part of U.S. Ser. No. 08/647,241
Voice Controlled Computer Interface Inventor: Thomas R. Firman	Japan	Pending	Appln. No. 166537/90

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PAGE 1

*State of Delaware*  
*Office of the Secretary of State*

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I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF MERGER, WHICH MERGES:

"ARTICULATE SYSTEMS, INC.", A DELAWARE CORPORATION,  
WITH AND INTO "ASI ACQUISITION CORPORATION" UNDER THE NAME OF "ASI ACQUISITION CORPORATION", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF UTAH, AS RECEIVED AND FILED IN THIS OFFICE THE SECOND DAY OF SEPTEMBER, A.D. 1998, AT 6 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



  
Edward J. Freel, Secretary of State

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AUTHENTICATION: 9285593

DATE: 09-03-98

SEP. 2.1998 5:31PM

NO. 310 P.3

**CERTIFICATE OF MERGER**  
**OF**  
**ARTICULATE SYSTEMS, INC., A DELAWARE CORPORATION**  
**INTO**  
**ASI ACQUISITION CORPORATION, A UTAH CORPORATION**

The undersigned corporation HEREBY CERTIFIES THAT:

1. The name and state of organization of each of the constituent entities of the merger are as follows:

Name

State of Organization

Articulate Systems, Inc.  
(the "Merging Company")

Delaware

ASI Acquisition Corporation  
(the "Surviving Company")

Utah

2. An Agreement and Plan of Merger providing for the merger of the Merging Company with and into the Surviving Company (the "Merger") has been approved, adopted, certified, executed and acknowledged by each constituent corporation in accordance with Section 252 of the Delaware General Corporation Law (the "DGCL") and Section 16-10a-1103 of the Utah Revised Business Corporation Act.

3. The name of the Surviving Company is ASI Acquisition Corporation. The Surviving Company is organized under the laws of the State of Utah and will continue its corporate existence under the laws of the State of Utah under the name "Jonix-Articulate Systems, Inc."

4. The Articles of Incorporation of the Surviving Company, as in effect immediately prior to the Merger, but amended to reflect the name change referenced in the above paragraph, shall be the Articles of Incorporation of the Surviving Company immediately following the Merger.

5. The executed Agreement and Plan of Merger is on file at the principal place of business of the Surviving Company located at 1225 Eagle Gate Tower, 60 East South Temple Street, Salt Lake City, Utah 84111.

6. A copy of the Agreement and Plan of Merger will be furnished by the Surviving Company on request and without cost, to any stockholder of any constituent entity.

SEP. 2. 1998 5:31PM

7. ASI Acquisition Corporation, as the surviving entity of the Merger, agrees that it may be served with process in the State of Delaware in any action, suit or proceeding for the enforcement of any obligation of Articulate Systems, Inc., as well as for enforcement of any obligation of ASI Acquisition Corporation arising from the Merger, including any suit or proceeding to enforce the right of any stockholders as determined in appraisal proceedings pursuant to §262 of the DGCL, and hereby irrevocably appoints the Secretary of State of the State of Delaware as its agent to accept service of process in any such action, suit or proceeding and instructs that copies of such process should be mailed to it at 1225 Eagle Gate Tower, 60 East South Temple Street, Salt Lake City, Utah 84111.

IN WITNESS WHEREOF, this Certificate of Merger has been duly executed as of the 2nd day of September, 1998, by the undersigned as a duly authorized person of the Surviving Company.

ASI ACQUISITION CORPORATION

By: 

Name: Thomas A. Mueser

Title: President

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Utah Div. of Corp. & Comm. Code

ARTICLES OF AMENDMENT  
TO THE  
ARTICLES OF INCORPORATION  
OF  
ASI ACQUISITION CORPORATION  
(Hereafter *fonix*/ASI Corporation)

In accordance with Section 16-10a-1006 of the Utah Revised Business Corporation Act, ASI Acquisition Corporation, a Utah corporation (the "Corporation"), hereby declares and certifies as follows:

1. The name of the Corporation is ASI Acquisition Corporation.
2. The text of the amendment to the Articles of Incorporation of the Corporation adopted by the unanimous written consent of the shareholders of the Corporation is as follows:

ARTICLE I  
(Name)

The name of the corporation is *fonix*/ASI Corporation.

3. The amendment specified above does not provide for an exchange, reclassification, or cancellation of issued shares of the Corporation.
4. The amendment specified above was adopted on September 3, 1998 by the unanimous written consent of the shareholders of the Corporation in accordance with the requirements of the Utah Revised Business Corporation Act and the bylaws of the Corporation.
5. There were as of September 3, 1998, 100,000 shares of the common stock of the Corporation issued and outstanding. No shareholder of the Corporation was entitled to vote in a separate voting group. Pursuant to the unanimous written consent of shareholders, whereby the amendment was adopted, one hundred thousand (100,000) shares of the common stock of the Corporation voted to adopt the amendment specified above.

1999/01/07

DATED this 5<sup>th</sup> day of January, 1999.

ASI Acquisition Corporation, a Utah corporation  
(Hereafter *sonix*/ASI Corporation)

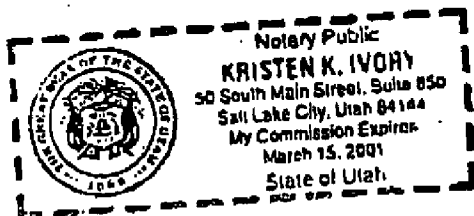
By: *Thomas A. Murdock*  
Thomas A. Murdock, Chairman

STATE OF UTAH )  
COUNTY OF SALT LAKE )

I, Kristen Ivory, a Notary Public, do hereby certify that on this 5<sup>th</sup> day of January, 1999, personally appeared before me, Thomas A. Murdock, who, being by me first duly sworn, declared that he is the Chairman of ASI Acquisition Corporation; that he signed the foregoing document as Chairman of the Corporation and that the statements therein contained are true.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 5<sup>th</sup> day of January, 1999.

*Kristen Ivory*  
NOTARY PUBLIC



**UNANIMOUS WRITTEN CONSENT OF  
THE SHAREHOLDERS OF  
ASI ACQUISITION CORPORATION**  
a Utah corporation

September 3, 1998

Pursuant to the provisions of the Utah Revised Business Corporation Act, the undersigned, being all of the shareholders of ASI Acquisition Corporation, a Utah corporation (the "Company"), adopt the following resolution.

BE IT RESOLVED that Article I of the Company's Articles of Incorporation is hereby amended to read as follows: The name of the Corporation is *sonix*/ASI Corporation.

IN WITNESS WHEREOF, the undersigned have executed this consent resolution as of the date first set forth above.

SHAREHOLDER:

*sonix* Corporation

By: 

Thomas A. Murdock, President

UT DIV OF CORP  
BROWN RUDNICK BOSTON

Co# 166323  
# 211822

10/02/99 THU 09:17 FAX 801 530 8438  
9/01/99 15:31 FAX 817 858 8201

State of Utah  
Division of Corporations and Commercial Code  
I hereby certify that the foregoing has been filed  
and approved on the day of September 1999  
in the office of this Division and ready issue  
the Certificate thereof.

Examiner: BS Date: 9/2/99



LORENA R. MYERS  
DIVISION DIRECTOR

## ARTICLES OF MERGER

OF

FONIX CORPORATION Co# 166323  
(Parent and Surviving Corporation)

AND

Fonix/ASI Corporation Co# 211822  
(Subsidiary and Nonsurviving Corporation)

Pursuant to the provisions of Section 16-10a-1104 of the Utah Revised Business  
Corporation Act, the undersigned corporations adopted the following:

### ARTICLE ONE

The names of the corporations which are party to this merger and the states under which  
they are respectively organized are as follows:

Name of Corporation	State of Incorporation
Fonix Corporation	Delaware
Fonix/ASI Corporation	Utah

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### ARTICLE TWO

Fonix owns all of the issued and outstanding shares of Fonix/ASI Corporation.

### ARTICLE THREE

The name of the surviving corporation shall be Fonix Corporation, and such corporation  
shall be a corporation organized and existing under the laws of the State of Delaware.

**EXPEDITE**



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UT DIV OF CORP  
BROWN RUDNICK BOSTON

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#### ARTICLE FOUR

The Articles of Incorporation of Fonix Corporation as presently existing shall be the Articles of Incorporation of the surviving corporation.

#### ARTICLE FIVE

Following the merger, all of the issued and outstanding shares of Fonix/ASI Corporation shall be canceled.

#### ARTICLE FIVE

The resolution of the Board of Directors of Fonix Corporation authorizing and approving the merger is attached hereto as Exhibit "A." No approval of the shareholders is required and all of the provisions of Section 16-10a-1103(7) of the Utah Code Annotated have been met.

#### ARTICLE SIX

The Agreement and Plan of Merger adopted by the Board of Directors of Fonix Corporation is attached hereto as Exhibit "B."

IN WITNESS WHEREOF, the undersigned have executed this instrument as of the 1st day of September, 1999.

FONIX CORPORATION, a Delaware corporation

By



Thomas A. Murdock, President

ATTEST:



Jeffrey M. Jones, Secretary

Fonix/ASI Corporation, a Utah corporation

By



Thomas A. Murdock, President

ATTEST:



Jeffrey M. Jones, Secretary

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### Exhibit "A"

#### [Resolution of Board of Directors of Fonix Corporation]

RESOLVED, that the President and Secretary of Fonix Corporation are authorized to execute and deliver (i) an Agreement of Merger in substantially the form attached hereto as Exhibit A, pursuant to which, among other things, all of the issued and outstanding stock of Fonix/ASI Corporation, shall be canceled; (ii) Utah Articles of Merger; and (iii) any other certificates or agreements as may be required by the laws of Utah or Delaware, and to cause the same to be filed and recorded as provided by law, and to do all acts and things whatsoever, within the State of Delaware and the State of Utah and in any other appropriate jurisdiction, necessary or proper to effect this merger.

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**Exhibit "B"**  
**[Agreement and Plan of Merger]**

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## AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger ("Merger Agreement") between Fonix Corporation, a Delaware corporation ("Fonix"), and Fonix/ASI Corporation, a Utah corporation ("Fonix/ASI"), is dated as of August 26, 1999. Fonix and Fonix/ASI are sometimes herein collectively referred to as the "Constituent Companies."

WHEREAS, the authorized capital stock of Fonix/ASI consists of one hundred thousand (100,000) shares of Common Stock ("Fonix/ASI Common Stock"), and as of the date hereof, one hundred thousand (100,000) shares of Fonix/ASI Common Stock are issued and outstanding; and

WHEREAS, as of the date hereof, all of the issued and outstanding shares of Fonix/ASI Common Stock are held of record by Fonix; and

WHEREAS, the boards of directors of Fonix has resolved and deems it advisable and to the advantage and welfare of the Constituent Companies and their respective shareholders that Fonix/ASI be merged with and into its parent, Fonix (the "Merger"), under and pursuant to the laws of the states of Utah and Delaware;

NOW, THEREFORE, in consideration of the agreements and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Constituent Companies agree as follows:

1. Effective Date. The Merger shall become effective upon such date (the "Effective Date") as: (i) Articles of Merger are filed with the Division of Corporations and Commercial Code, Department of Commerce of the State of Utah; and (ii) a Certificate of Ownership and Merger is filed with the Office of the Secretary of State of the State of Delaware; provided, however, that the Articles of Merger and Certificate of Ownership and Merger shall not be filed, and the Merger shall not become effective, until all conditions to the closing of the sale of certain assets of the Constituent Companies to Lemout & Hauspie Speech Products, N.V. ("L&H"); pursuant to that certain Asset Purchase Agreement between the Constituent Companies and L&H, dated as of May 19, 1999 (the "Agreement"), set forth in Articles 6 and 7 of the

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BROWN RUDNICK BOSTON

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Agreement have been satisfied or waived by L&H and the Constituent Companies, respectively, and all documents evidencing the closing have been delivered into escrow to be released upon confirmation of the filing of such documents to effect the Merger.

2. Merger. Upon the Effective Date, Fonix/ASI shall be merged with and into Fonix. Fonix shall be the surviving corporation, a single corporation organized under the laws of the State of Delaware, and the separate corporate existence of Fonix/ASI shall cease.

3. Succession. Upon the Effective Date, Fonix shall succeed to all of the rights, privileges, powers, and property of Fonix/ASI, and become subject to all of the restrictions, liabilities, and duties of Fonix/ASI.

4. Certificate of Incorporation and Bylaws. The Certificate of Incorporation of Fonix, as heretofore amended, and the Bylaws of Fonix, as heretofore amended, shall be the Certificate of Incorporation and Bylaws of Fonix following the Effective Date.

5. Directors. The Directors of Fonix as of the Effective Date shall continue to be the Directors of Fonix following the Merger.

6. Officers. The officers of Fonix as of the Effective Date shall continue to be the officers of Fonix following the Merger.

7. Cancellation of Shares of Common Stock of Fonix/ASI held by Fonix. On the Effective Date, all one hundred thousand (100,000) issued and outstanding shares of Common Stock of Fonix/ASI currently held by Fonix shall be canceled.

8. Continuity of Business. All corporate acts, plans, policies, approvals, and authorizations of Fonix/ASI, its shareholders, board of directors, committees elected or appointed by the board of directors, officers, and agents, which were valid and effective immediately prior to the Effective Date, shall be, for all purposes, the acts, plans, policies, approvals, and authorizations of Fonix and shall be as effective and binding thereon as they were on Fonix/ASI. The employees of Fonix/ASI shall become the employees of Fonix and shall be entitled to the same rights and benefits they enjoyed as employees of Fonix/ASI, subject to any rights of termination or other employment restrictions existing prior to the Effective Date.

BROWN RUDNICK BOSTON

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9. Further Assurance of Title. If at any time Fonix shall consider or be advised that any acknowledgments, assurances in law or similar actions are necessary or desirable in order to vest, perfect or confirm in Fonix any right, title, or interest or Fonix/ASI held immediately prior to the Effective Date, Fonix/ASI and its officers and directors, as of the Effective Date, shall execute and deliver all deeds, assignments, or assurances in law and do all things necessary to acknowledge or confirm any right, title or interest in Fonix as shall be necessary to carry out the purposes of this Merger Agreement. Fonix/ASI hereby grants to Fonix and its officers and directors full authority to take any action required by this paragraph in the name of Fonix/ASI, or otherwise.

10. Abandonment. This Merger Agreement may be terminated and abandoned by the Constituent Companies at any time prior to the Effective Date. In the event of abandonment, this Merger Agreement shall become void and of no further force or effect, without any liability or obligation on the part of either of the Constituent Companies or their directors, officers, stockholders, or agents.

11. Counterparts. This Merger Agreement may be executed in counterparts, each of which shall be deemed to be an original instrument.

IN WITNESS WHEREOF, this Merger Agreement has been executed as of the date first set forth above.

Fonix/ASI Corporation, a Utah corporation

By:   
Thomas A. Murdock

ATTEST:

  
Jeffrey M. Jones, Secretary

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UT DIV OF CORP  
BROWN RUDNICK BOSTON

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Fonix Corporation, a Delaware corporation

By:

  
Thomas A. Murdock

ATTEST:

  
Jeffrey M. Jones, Secretary

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State of Delaware  
Office of the Secretary of State

PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

"FONIX/ASI CORPORATION", A UTAH CORPORATION,

WITH AND INTO "FONIX CORPORATION" UNDER THE NAME OF "FONIX CORPORATION", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE FIRST DAY OF SEPTEMBER, A.D. 1999, AT 3:30 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



  
Edward J. Freel, Secretary of State

2071107 8100M

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AUTHENTICATION: 9951441

DATE: 09-02-99



08/01/99 WED 13:38 FAX

**CERTIFICATE OF OWNERSHIP AND MERGER**

of

**Fonix/ASI Corporation  
(A Utah Corporation)**

into

**FONIX CORPORATION  
(A Delaware Corporation)**

Pursuant to the provisions of Section 253 of the Delaware General Corporation Law, it is hereby certified that:

1. Fonix/ASI Corporation (hereinafter sometimes referred to as the "Subsidiary") is a corporation organized and existing under the laws of the State of Utah, the laws of which permit a merger of a corporation of that jurisdiction with a corporation of another jurisdiction.

2. Fonix Corporation (hereinafter sometime referred to as the "Parent") is a corporation organized and existing under the laws of the State of Delaware and owns all of the issued and outstanding stock of the Subsidiary.

3. An Agreement and Plan of Merger between the Subsidiary and the Parent has been approved, adopted, certified, executed and acknowledged by each of them in accordance with the laws of the State of Delaware.

4. Fonix Corporation shall be the surviving corporation, which shall be organized under the laws of the State of Delaware and the certificate of incorporation of the surviving corporation shall be the certificate of incorporation of Fonix Corporation.

5. The following is a copy of the Resolution adopted on the 26<sup>th</sup> day of August, 1999, by the Board of Directors of the Parent to merge the Subsidiary into the Parent:

**WHEREAS, the Directors of Fonix Corporation have approved the merger of Fonix/ASI Corporation with and into Fonix Corporation; it is therefore**

09/01/99 WED 15:38 FAX

RESOLVED, that the President and Secretary of Fonix Corporation are authorized to execute and deliver (i) an Agreement of Merger in substantially the form attached hereto as Exhibit "A" pursuant to which, among other things, all of the issued and outstanding stock of Fonix/ASI Corporation, shall be canceled; (ii) Utah Articles of Merger; and (iii) any other certificates or agreements as may be required by the laws of Utah or Delaware, and to cause the same to be filed and recorded as provided by law, and to do all acts and things whatsoever, within the State of Delaware and the State of Utah and in any other appropriate jurisdiction, necessary or proper to effect this merger.

6. The executed Agreement and Plan of Merger is on file at the office of Fonix Corporation, located at 60 East South Temple Street, Suite 1225, Salt Lake City, Utah 84111 and a copy of the Agreement and Plan of Merger will be furnished by Fonix Corporation on request and without cost, to any stockholder of Fonix Corporation.

7. The authorized capital stock of the Subsidiary is 100,000 shares of common stock.

IN WITNESS WHEREOF, the undersigned, being the President and Chief Executive Officer of Fonix Corporation, does hereby execute this Certificate of Ownership and Merger and so certify, affirm and acknowledge under penalties of perjury that this is his free act and deed and that the facts stated herein are true, this 15<sup>th</sup> day of September, 1999.

  
Thomas A. Murdock  
President and Chief Executive Officer

COMMONWEALTH OF MASSACHUSETTS  
COUNTY OF SUFFOLK

In said County and State, before me this 15<sup>th</sup> day of September, 1999, personally appeared Thomas A. Murdock, of Fonix Corporation, known to me to be the person whose name is subscribed to the foregoing assignment and he acknowledged that he executed the same as an officer of Fonix Corporation as a free act and deed for the purposes therein contained.

  
Notary Public

My commission expires: 6/29/02

## **PLAN ADMINISTRATION AGREEMENT**

This Plan Administration Agreement (the "Agreement"), dated as of \_\_\_\_\_, 2004, by and between Lernout & Hauspie Speech Products N.V. (the "Debtor") and Scott L. Baena, as Plan Administrator (the "Plan Administrator"), is executed in connection with the Official Committee of Unsecured Creditors of Lernout & Hauspie Speech Products N.V.'s Plan of Liquidation for Lernout & Hauspie Speech Products N.V. under Chapter 11 of the Bankruptcy Code (as same may be amended, the "Plan"), filed on March 11, 2003, in the United States Bankruptcy Court for the District of Delaware (the "Court"). Except as otherwise defined herein, all capitalized terms contained herein shall have the meanings ascribed to them in the Plan and the Litigation Trust Agreement dated of even date herewith.

### **WITNESSETH**

WHEREAS, pursuant to the Plan, Post Effective Date L&H will be the successor in interest to the Debtor:

WHEREAS, the Plan provides for, among other things, Distributions of Cash and of Litigation Trust Beneficial Interests by Post Effective Date L&H to holders of Allowed Claims;

WHEREAS, pursuant to the Plan, the Plan Administrator is being appointed as the sole officer and director of Post Effective Date L&H to administer the Plan in accordance with its applicable terms and this Administration Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and in the Plan, the Debtor and the Plan Administrator agree as follows:

### **ARTICLE I**

#### **ESTABLISHMENT OF POST EFFECTIVE DATE L&H; APPOINTMENT OF PLAN ADMINISTRATOR**

1.1 Appointment of Plan Administrator. Pursuant to the Plan, Post Effective Date L&H is the successor in interest to the Debtor, and the Plan Administrator is hereby appointed by the Debtor to administer the assets and liabilities of Post Effective Date L&H pursuant to the Plan and this Administration Agreement. The Plan Administrator shall be Scott L. Baena (or a business organization organized under state law which shall be owned and controlled by Scott L. Baena). The Plan Administrator shall be the Estate's responsible person and representative pursuant to sections 105, 1123(b)(3)(b), and 1123(b)(6) of the Bankruptcy Code as though the sole officer and director of Post Effective Date L&H, subject to the further provisions and terms of this Agreement and the Litigation Trust Agreement. The Plan Administrator may concurrently serve in the capacity as Litigation Trustee.

1.2 Title to Transferred Assets. Pursuant to the Plan, the Chapter 11 Assets are hereby vested in Post Effective Date L&H as of the Effective Date. From and after the Effective Date, Post Effective Date L&H may use, acquire, and dispose of property free of any restrictions imposed under the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of

the Effective Date, all of the Chapter 11 Assets shall be free and clear of all Claims, Liens and interests, except as specifically provided in the Plan or in the Confirmation Order.

1.3 Assumption of Obligations under the Plan. Pursuant to the Plan, the liabilities and obligations to make the Distributions as required under Sections III, IV and V of the Plan are hereby assumed by Post Effective Date L&H, which shall have the liability for, and obligation to make, all Distributions of Cash, Available Cash, the Litigation Trust Beneficial Interests, or any other consideration or securities to be issued or distributed by Post Effective Date L&H under the Plan.

1.4 Functions of Post Effective Date L&H. From and after the Effective Date and in accordance with the Plan, Post Effective Date L&H shall continue in existence for the purpose of:

(a) administering the Plan and to take all steps and execute all instruments and documents necessary to effectuate the Plan;

(b) selling or otherwise disposing of the Chapter 11 Assets and winding up affairs relating to the Chapter 11 Assets as expeditiously as reasonably possible;

(c) taking any actions to liquidate, and maximize the value of, the Chapter 11 Assets;

(d) assigning all Assigned Causes of Action, and all claims, interests, rights and privileges of each of L&H NV relating thereto to the Litigation Trust for enforcement, prosecution and settlement by the Litigation Trustee in accordance with the terms of the Plan and the Litigation Trust Agreement; provided, however, that Post Effective Date L&H shall retain an interest in the Assigned Causes of Action solely to assert a defense to a Claim or Equity Interest based upon such Assigned Causes of Action;

(e) reconciling Claims and resolving Disputed Claims, and administering the Claims allowance and disallowance processes as set forth in the Plan, including objecting, prosecuting, litigating, reconciling, settling and resolving Claims and Disputed Claims in accordance with the Plan;

(f) cooperating with the Litigation Trustee, the Litigation Trust, and the Litigation Monitoring Committee with regard to the pursuit of the Assigned Causes of Action;

(g) with the advice and consent of the Litigation Monitoring Committee, administering the Distributions under the Plan, including (i) making Distributions in accordance with the terms of the Plan, (ii) establishing and maintaining the Disputed Claims Reserve, and (iii) filing with the Bankruptcy Court semi-annual reports regarding the Distributions to be made to the holders of Allowed Claims;

(h) with the advice and consent of the Litigation Monitoring Committee, establishing the Litigation Trust Reserve and the Litigation Monitoring Committee Reserve and adjusting the same, when and as provided in Section 7.4 of the Plan, and otherwise complying with such Section of the Plan;

(i) with the advice and consent of the Litigation Monitoring Committee, establish such other reserves as may be necessary to effectuate the Plan. All other amounts not reserved pursuant to this Agreement shall be distributed in accordance with the Plan and applicable law.

(j) taking such other action as may be appropriate to effectuate the Plan.

## ARTICLE II

### UNITS OF BENEFICIAL INTERESTS

2.1 Identification of Holders of Liquidating Trust Beneficial Interests. On the Effective Date or as soon thereafter as is reasonably practicable, the Plan Administrator shall prepare a register in reasonable detail of the holders of Litigation Trust Beneficial Interests (including names and addresses of the holders) and deliver the register to the Litigation Trustee. Thereafter, the Plan Administrator shall promptly notify the Litigation Trustee of any Disputed Claims that become Allowed Claims specifying the extent to which such holder is eligible to receive Litigation Trust Beneficial Interests.

## ARTICLE III

### PURPOSE, AUTHORITY, LIMITATION, AND DISTRIBUTIONS

3.1 Authority of the Plan Administrator. In connection with the administration of Post Effective Date L&H, except as set forth in the Plan, the Plan Administrator is authorized to perform any and all acts necessary and desirable to accomplish the purposes of Post Effective Date L&H. The Plan Administrator shall be deemed to be a representative of the Estate pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. Without limiting the foregoing, the Plan Administrator shall be expressly authorized to:

(a) cause Post Effective Date L&H to hold legal title to the Chapter 11 Assets and/or other property transferred from time to time to Post Effective Date L&H, and assert all rights of the holders of Allowed Claims, including but not limited to, collecting any and all Cash and other property of the Debtor or Post Effective Date L&H, and voting any claim or interest in a case under the Bankruptcy Code and receiving any distribution therein;

(b) perform the duties, exercise the powers and assert the rights of a trustee under Section 704 and 1106 of the Bankruptcy Code (with the benefit of periods of limitation applicable to a trustee in bankruptcy), including without limitation, the prosecution of objections to Disputed Claims;

(c) protect and enforce the rights to the Chapter 11 Assets by any method deemed appropriate including, without limitation, by judicial proceedings or pursuant to any applicable bankruptcy, insolvency, moratorium or similar law and general principles of equity;

(d) compromise, adjust, arbitrate, sue on, or defend, pursue, prosecute, abandon, or otherwise deal with and settle claims and Causes of Action in favor of or against the Debtor (other than the Assigned Causes of Action) as the Plan Administrator shall deem advisable provided, the Plan Administrator shall have absolute discretion to pursue or not to

pursue any and all claims, rights, defenses, or Causes of Action retained by Post Effective Date L&H pursuant to the Plan, in accordance with the best interests of Post Effective Date L&H, as it determines in the exercise of its business judgment, and shall have no liability for the outcome of its decision and, provided further, the Plan Administrator shall (i) confer with and seek the advice of the Litigation Trust Monitoring Committee before abandoning or settling any Cause of Action; and (ii) subject to the Curators and the Plan Administrator entering into an agreement, if necessary, preserving confidential information and all applicable privileges, consult with and make information available to the Curators with respect to (A) any Causes of Action of L&H NV against former directors, officers, administrators or administrators in fact of L&H NV, arising pursuant to Clause 530 of the "Wetboek Van Vennootschappen" (the Belgian Company Code) dated May 7, 1999; (B) any and all Causes of Action arising out of or relating to any criminal proceeding imitated against former directors, officers, administrators or administrators in fact of L&H NV, including but not limited to, Causes of Action for indemnification; and (C) any and all Causes of Action the enforcement, prosecution, litigation or settlement of which either must be imitated, or already have been initiated, outside of the jurisdiction of the courts of the United States;

(e) determine and satisfy any and all liabilities created, incurred or assumed by Post Effective Date L&H;

(f) file, if necessary, any and all tax and information returns with respect to the Post Effective Date L&H and pay taxes properly payable by the Post Effective Date L&H, if any;

(g) obtain insurance coverage with respect to the liabilities and obligations of the Plan Administrator under this Administration Agreement (in the form of an errors and omissions policy or otherwise);

(h) with the advice and consent of the Litigation Monitoring Committee, retain such independent law firms as counsel to the Post Effective Date L&H as the Plan Administrator in its sole discretion may select (including, without limitation, Bilzin Sumberg Baena Price & Axelrod LLP, any successor, or such other law firm in which the Plan Administrator may have an interest) to aid in the resolution of any Disputed Claim or related claims, and to perform such other functions as may be appropriate in the Plan Administrator's sole discretion. The Plan Administrator may commit Post Effective Date L&H to and shall pay such independent law firms compensation for services rendered and expenses incurred, in each case, to the extent reasonable and documented. A law firm shall not be disqualified from serving as independent counsel to Post Effective Date L&H solely because of its retention as counsel to the Litigation Trust or its prior retention as counsel to the Debtor;

(i) with the advice and consent of the Litigation Monitoring Committee, retain an independent public accounting firm to perform such reviews and/or audits of the financial books and records of Post Effective Date L&H as may be appropriate in the Plan Administrator's sole discretion and to prepare and file any tax returns or informational returns for Post Effective Date L&H as may be required. The Plan Administrator may commit Post Effective Date L&H to and shall pay such independent public accounting firm compensation for services rendered and expenses incurred, in each case, to the extent reasonable and documented;

(j) execute offsets against Claims as provided for in the Plan;

(k) assert or waive any privilege or defense on behalf of Post Effective Date L&H;

(l) after consultation with the Litigation Monitoring Committee, retain such third parties as the Plan Administrator, in its sole discretion, may deem necessary or appropriate to assist the Plan Administrator in carrying out its powers and duties under this Agreement. The Plan Administrator may commit Post Effective Date L&H to and shall pay all such person or entities compensation for services rendered and expenses incurred, in each case, to the extent reasonable and documented, as well as commit Post Effective Date L&H to indemnify, to the extent reasonable and necessary, any such parties in connection with the performance of services;

(m) after consultation with the Litigation Monitoring Committee, employ such employees as the Plan Administrator, in its sole discretion and as consistent with the purposes of the Plan and this Administration Agreement, may deem necessary or appropriate to assist the Plan Administrator in carrying out its powers and duties under this Agreement. The Plan Administrator may commit Post Effective Date L&H to and shall pay all such employees reasonable salary in the amounts it shall determine to be appropriate and any employee benefits it may establish pursuant to Section 3.1(n) below. If the Plan Administrator shall employ employees pursuant to this Section 3.1(m), the Plan Administrator shall establish payroll procedures and pay any and all federal, state or local tax withholding required under applicable law with respect to any such employees, and it will take all other actions it deems necessary to effectuate the provisions of this Section 3.1(m);

(n) after consultation with the Litigation Monitoring Committee, establish and adopt or cease to provide employee benefits for the benefit of any employees described in Section 3.2(m) above as the Plan Administrator, in its sole discretion and as consistent with the purposes of Post Effective Date L&H, may deem necessary or appropriate, including the adoption of any group health plan;

(o) invest any monies held as part of Post Effective Date L&H in accordance with the terms of Section 4.5 hereof;

(p) request any appropriate tax determination;

(q) seek the examination of any entity under, and subject to, the provisions of Bankruptcy Rule 2004;

(r) wind up affairs of the Debtor as quickly as reasonably practicable, and if deemed advisable by the Plan Administrator, dissolve the Debtor. The Plan Administrator shall act as the authorized signatory to execute on behalf of Debtor any and all documents necessary to accomplish such dissolution;

(s) take or refrain from taking any and all actions the Plan Administrator reasonably deems appropriate for the continuation, protection and maximization of the assets of Post Effective Date L&H or to carry out the purposes hereof;

(t) pursuant to section 1127(b) of the bankruptcy Code, institute proceedings in the Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such other matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of holders of Claims under the Plan; and

(u) take or refrain from taking all such other actions as provided in the Plan.

3.2 Books and Records. The Plan Administrator shall maintain historical books and records relating to the property and income of Post Effective Date L&H and the payment of expenses of, and liabilities of claims against or assumed by, Post Effective Date L&H in such detail and for such period of time as may be necessary to enable it to make full and proper accounting in respect thereof to the holders of Allowed Claims and to comply with applicable law. Such books and records shall be maintained on a modified cash or other comprehensive basis of accounting necessary to facilitate compliance with the tax reporting requirements of Post Effective Date L&H. Except as otherwise may be provided herein, nothing in this Agreement requires the Plan Administrator to file any accounting or seek approval of any court with respect to the administration of Post Effective Date L&H, or as a condition for managing any payment or Distribution out of the Post Effective Date L&H. The Litigation Trustee, the Litigation Trust Monitoring Committee, holders of Disputed Claims, the Curators (until the Curators receive the Euro Amount, as defined in the Liquidating Trust Agreement) and holders of Allowed Claims shall have the right upon ten (10) days' prior written notice delivered to the Plan Administrator to inspect such historical books and records, provided that, if reasonably requested, such Persons shall have entered into a confidentiality agreement satisfactory in form and substance to the Plan Administrator.

3.3 Additional Powers. Except as otherwise set forth in this Agreement or in the Plan, but without prior or further authorization, the Plan Administrator may control and exercise authority over the Chapter 11 Assets and any other property of Post Effective Date L&H and over the protection, conservation and disposition thereof. No Person dealing with the Post Effective Date L&H shall be obligated to inquire into the authority of the Plan Administrator in connection with the protection, conservation or disposition of such property.

3.4 Periodic Distributions of Available Cash and Litigation Trust Beneficial Interests. Post Effective Date L&H shall make Distributions as provided under the Plan from the net proceeds it has obtained or obtains from the Transfers of the Chapter 11 Assets and from distributions made from time to time to it by the Litigation Trustee pursuant to the Litigation Trust Agreement. To effect the foregoing, Post Effective Date L&H shall make Distributions of Cash, Available Cash, and Litigation Trust Beneficial Interests on account of any portion of, or in the full amount of Allowed Claims as soon as reasonably practicable after the Effective Date and, thereafter, on the first Business Day of each calendar semester; provided, however, that, except with respect to the final Distribution, Post Effective Date L&H shall not make any such Distributions unless the amount of Available Cash is in excess of \$1,000,000. Such Distributions shall continue until Post Effective Date L&H has transferred all of its assets and there is no additional Available Cash for Distributions under the Plan. To the extent that the Chapter 11 Assets consist of neither Cash nor Cash equivalents, Post Effective Date L&H shall endeavor in good faith to distribute such non-Cash consideration in such manner as to give effect



to the distribution scheme contemplated under the Plan. Each of the foregoing duties of Post Effective Date L&H shall be performed by the Plan Administrator.

3.5 Withholding. The Plan Administrator may withhold from amounts distributable to any Person any and all amounts determined in the Plan Administrator's sole judgment to be required by any law, regulation, rule, ruling, directive or other governmental requirement.

3.6 Manner of Payment or Distribution. If a Distribution shall be in Cash, the Plan Administrator shall distribute such Cash by wire, check, or such other method as the Plan Administrator deems appropriate under the circumstances.

3.7 Disputed Claims Reserves.

(a) On the Effective Date or such later date that Distributions are required to be made on account of Allowed Claims, and after making all Distributions required to be made on any such date under the Plan, Post Effective Date L&H shall establish a separate Disputed Claims Reserve for each of the Classes receiving Distributions under the Plan, each of which Disputed Claims Reserves shall be administered by Post Effective Date L&H. Post Effective Date L&H shall reserve the Ratable Proportion of all Cash, Available Cash, or other Distributions allocated for each Disputed Claim, or such amount as may be agreed by the holder of such Claim and Post Effective Date L&H liable on such Claim, or as may otherwise be determined by order of the Bankruptcy Court. All Cash, Available Cash, or other Distributions, as applicable, allocable to the relevant Class hereunder shall be distributed by Post Effective Date L&H to the Disputed Claims Reserve on the Effective Date and on such later dates that Distributions are required to be made on account of Allowed Claims. The Disputed Claims Reserve shall be closed and extinguished by Post Effective Date L&H upon its determination that all Distributions and other dispositions of Cash, Available Cash, or other Distributions required to be made under the Plan have been made in accordance with the terms of the Plan. Upon closure of a Disputed Claims Reserve, all Cash and Available Cash (including any Cash Investment Yield and any Cash dividends and other Distributions held in such Disputed Claims Reserve) shall be subject to redistribution, as appropriate, in accordance with the provisions of Section V of the Plan.

(b) Post Effective Date L&H shall pay, or cause to be paid, out of the funds held in the applicable Disputed Claims Reserve, any tax imposed by any federal, state or local taxing authority on the income generated by the funds or property held in such Disputed Claims Reserve. Post Effective Date L&H shall file, or cause to be filed, any tax or information return related to the Disputed Claims Reserves that is required by any federal, state or local taxing authority.

(c) Each of the foregoing duties of Post Effective Date L&H shall be performed by the Plan Administrator.

3.8 Tax Requirements for Income Generated by Disputed Claims Reserves. Post Effective Date L&H shall pay, or cause to be paid, out of the funds held in any of its Disputed Claims Reserves, any tax imposed by any federal, state or local taxing authority on the income generated by the funds or property held in such Disputed Claims Reserve. Post Effective Date

L&H shall file, or cause to be filed, any tax or information return related to its Disputed Claims Reserves that is required by any federal, state or local taxing authority.

3.9 Estimation of Claims. Post Effective Date L&H may, at any time, request that the Court estimate any contingent or unliquidated administrative expense claim or Claim, including any Belgian Claim or Claim for taxes, to the extent permitted by section 502(c) of the Bankruptcy Code regardless of whether L&H NV, the Committee or Post Effective Date L&H have previously objected to such claim or whether the Court has ruled on any such objection, and the Court shall retain jurisdiction to estimate any claim at any time during litigation concerning any objection to any claim, including during the pendency of any appeal relating to any such objection. In accordance with the Plan, Belgian Claims shall be transferred to the Chapter 11 Case, deemed timely filed therein, and subject to administration and allowance solely and exclusively in the Chapter 11 Case. The priority and validity of each Belgian Claim will be determined solely and exclusively in the Chapter 11 Case in accordance with the Bankruptcy Code and Bankruptcy Rules. If the Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Court. If the estimated amount constitutes a maximum limitation on such Claim, Post Effective Date L&H may elect to pursue supplemental proceedings to object to any ultimate allowance of such Claim. All of the aforementioned claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Court.

3.10 Distributions After Effective Date. Distributions made after the Effective Date shall be deemed to have been made on the Effective Date.

3.11 Fractional Shares. Notwithstanding any other provision of the Plan to the contrary, no fractional shares shall be issued pursuant to the Plan. Whenever any payment of a fraction of a share under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole share (up or down), with half shares or more being rounded up and fractions less than half of a share being rounded down.

3.12 Fractional Cents. Notwithstanding any other provision of the Plan to the contrary, no payment of fractional cents shall be made pursuant to the Plan. Whenever any payment of a fraction of a cent under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole penny (up or down), with half cents or more being rounded up and fractions less than half of a cent being rounded down.

3.13 Distributions. Notwithstanding anything herein to the contrary, if a Distribution to be made to a holder of an Allowed Claim on any date for Distributions (other than the final Distribution Date) would be \$50 or less in the aggregate, no such Distribution will be made to that holder unless a request therefor is made in writing to Post Effective Date L&H no later than twenty (20) days after the Effective Date.

3.14 Interest on Claims. Except as specifically provided for in the Plan or the Confirmation Order, interest shall not accrue on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue

or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. Except as expressly provided in the Plan, no pre-petition Claim shall be Allowed to the extent that it is for post-petition interest or other similar charges.

3.15 No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary in the Plan, no holder of an Allowed Claim shall receive in respect of such Claim any Distribution in excess of the Allowed Amount of such Claim.

3.16 Setoffs. Except as otherwise provided in the Plan, Post Effective Date L&H may, but shall not be required to, setoff against any Claim and the Distributions to be made pursuant to the Plan in respect of such Claim, any Claims of any nature whatsoever that the Debtor may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by L&H NV or Post Effective Date L&H of any right of setoff any of them may have against the holder of such Claim.

3.17 Payment of Taxes on Distributions Received Pursuant to Plan. All Persons and Entities that receive Distributions under the Plan shall be responsible for reporting and paying, as applicable, taxes on account of such Distributions.

3.18 Allocation of Distributions. Post Effective Date L&H intends first to allocate any and all Distributions made with respect to the Claims as a repayment of principal, with the excess, if any, thereafter being allocated as a repayment of accrued but unpaid interest.

3.19 Governmental Reporting Duties.

(a) Income Tax. The Plan Administrator shall file all appropriate federal, state and local income tax returns for Post Effective Date L&H.

(b) Other. The Plan Administrator shall also file (or cause to be filed) any other statements, returns or disclosures relating to Post Effective Date L&H that are required by any governmental authority.

3.20 Compliance with Laws. Any and all Distributions and proceeds of borrowings, if any, shall be made in compliance with the Plan and applicable laws, including, but not limited to, applicable federal and state securities laws.

## ARTICLE IV

### THE PLAN ADMINISTRATOR

4.1 Generally. The Plan Administrator's powers are exercisable solely in a fiduciary capacity consistent with, and in furtherance of, the purposes of this Agreement and the Plan, and the Plan Administrator may deal with the Cash of Post Effective Date L&H for its own account as permitted by Section 4.5 hereof.

4.2 Responsibilities of Plan Administrator. The Plan Administrator shall, in an expeditious but orderly manner, make and file objections to and settle, compromise or otherwise

resolve Disputed Claims in accordance with the Plan. The Plan Administrator shall file and serve a copy of each objection upon the holder of the Disputed Claim to which an objection is made, as soon as practicable, but in no event later than (i) one hundred-eighty days after the Effective Date, or (ii) such other longer time as may be fixed or extended by the order of the Court. Subject to the Plan and this Agreement, after the Effective Date, the Plan Administrator may settle or compromise any Disputed Claim.

4.3 Indemnification of Plan Administrator. The Plan Administrator shall not be personally liable in connection with the affairs of the Post Effective Date L&H, whether to the holders of Allowed Claims or to any other Person, except for such acts or omissions that constitute fraud, willful misconduct, gross negligence or a breach of fiduciary duty. The Plan Administrator shall not be personally liable to the holders of Allowed Claims or to any Person for the acts or omissions of any employee or agent of Post Effective Date L&H unless the Plan Administrator acted with gross negligence or willful misconduct or in breach of his fiduciary duties in the selection, retention, or supervision of such employee or agent of Post Effective Date L&H. Except in those situations in which the Plan Administrator is not exonerated of liability as aforesaid, the Plan Administrator (including each former Plan Administrator) is hereby indemnified by Post Effective Date L&H for, and held harmless by the Post Effective Date L&H from and against, and shall be defended in respect of, any and all reasonable and documented losses, claims, damages, liabilities or expenses (including, without limitation, attorney fees, disbursements, and related expenses) to which the Plan Administrator may become subject in connection with any action, suit, proceeding, or investigation brought or threatened against the Plan Administrator in its capacity as Plan Administrator, or in any other capacity contemplated by this Agreement or the Plan or in connection with any matter arising out of or related to the Plan, this Agreement, or the affairs of the Post Effective Date L&H. If the Plan Administrator becomes involved in any action, proceeding, or investigation in connection with any matter arising out of or in connection with the Plan, this Agreement or the affairs of Post Effective Date L&H, the Post Effective Date L&H shall periodically advance or otherwise reimburse on demand the Plan Administrator's reasonable and documented legal fees and other expenses (including, without limitation, the cost of any investigation and preparation and attorney fees, disbursements, and related expenses) incurred in connection therewith, but the Plan Administrator shall be required to repay promptly to the Post Effective Date L&H the amount of any such advanced or reimbursed expenses paid thereto to the extent that it shall be ultimately determined by Final Order that the Plan Administrator engaged in fraud, willful misconduct, or gross negligence or acted in breach of his fiduciary duties in connection with the affairs of the Post Effective Date L&H with respect to which such expenses were paid. The provisions of this Section 4.3 shall remain available to and be binding on any former Plan Administrator or the estate of any decedent Plan Administrator. This Section 4.3 shall survive termination of this Agreement for any reason.

4.4 Reliance by Plan Administrator. Except as otherwise provided in Section 4.3 hereof:

(a) the Plan Administrator may rely, and shall be protected in acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other paper or document believed by him to be genuine and to have been signed or presented by the proper party or parties;

(b) the Plan Administrator may consult with any and all professionals to be selected by him, and the Plan Administrator shall not be liable for any action taken or omitted to be taken by him in accordance with the advice of such professionals; and

(c) Persons dealing with the Plan Administrator shall look only to the Cash and other property of Post Effective Date L&H to satisfy any liability incurred by the Plan Administrator to such person in carrying out the terms of this Agreement, and the Plan Administrator shall have no personal obligation to satisfy any such liability.

4.5 Investment and Safekeeping of Assets. All monies and other property received by the Plan Administrator shall, until distributed or paid over as herein provided, be held in trust for the benefit of the holders of Allowed Claims, and need not be segregated unless and to the extent required by law or the Plan. The Plan Administrator shall be under no liability or obligation for interest or producing income on any monies received by him hereunder and held for distribution or payment to the holders of Allowed Claims, except as such interest or income shall actually be received by the Plan Administrator. Investments of any monies held by the Plan Administrator shall be administered in view of the manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs; provided, however, that the right and power of the Plan Administrator to invest the Cash, the proceeds thereof, or any income earned by Post Effective Date L&H, shall be limited to the right and power to invest such Cash (pending periodic distribution in accordance with the Plan) in demand and time deposits, such as short-term certificates of deposit, in banks or other savings institutions, or other temporary liquid investments, such as Treasury bills, consistent with the purposes of Post Effective Date L&H.

4.6 Authorization to Expend Cash. The Plan Administrator may expend Cash (i) as reasonably necessary to meet contingent liabilities and to maintain the value of the property of Post Effective Date L&H during liquidation, (ii) to pay all administrative expenses of the Post Effective Date L&H (including, but not limited to, any taxes imposed on Post Effective Date L&H), (iii) to pay the costs and expenses of the Plan Administrator, and (iv) to satisfy all other liabilities incurred or assumed by the Post Effective Date L&H (or to which such property is otherwise subject) in accordance with this Administration Agreement and the Plan.

4.7 Expense Reimbursement and Compensation.

(a) The Cash of Post Effective Date L&H shall be subject to the claims of the Plan Administrator, and the Plan Administrator shall be entitled to reimburse itself out of any available Cash of Post Effective Date L&H, for his compensation and any actual and documented out-of-pocket expenses for any and all loss, liability, expense, or damage which the Plan Administrator may sustain in good faith in the exercise and performance of any of the powers and duties of the Plan Administrator under this Agreement (subject to Section 4.3).

(b) As compensation for the performance of his duties, the Plan Administrator will be entitled to the compensation set forth in Exhibit A herewith, when and as set forth therein.

(c) If the Cash of Post Effective Date L&H shall be insufficient to compensate and reimburse the Plan Administrator for any amounts to which he is entitled hereunder and if the Plan Administrator is unable to borrow sufficient funds for such compensation and/or reimbursement in accordance with the terms of this Agreement, the Plan Administrator shall be entitled to reduce to Cash that portion of the property of Post Effective Date L&H so as to effect such compensation and reimbursement.

4.8 Payment to Litigation Trustee. The Plan Administrator shall pay the Liquidating Trustee any Available Cash which may become payable under Section 3.8 of the Litigation Trust Agreement.

4.9 No Bond. The Plan Administrator shall serve without bond.

4.10 Confidentiality. The Plan Administrator shall, during the period that he serves as Plan Administrator under this Agreement and for a period of twelve (12) months following the termination of this Agreement or following its removal or resignation hereunder, hold strictly confidential and not use for personal gain any material, non-public information of or pertaining to any entity to which any of the assets of Post Effective Date L&H relates or of which it has become aware in its capacity as Plan Administrator.

## ARTICLE V

### SUCCESSOR PLAN ADMINISTRATOR

5.1 Removal. The Plan Administrator may be removed for cause by the affirmative vote of twenty-five (25%) of the holders of all Litigation Trust Beneficial Interests. The Plan Administrator may be removed without cause by the affirmative vote of seventy-five percent (75%) of the holders of Litigation Trust Beneficial Interests. The removal of the Plan Administrator pursuant to this Section 5.1 shall become effective on the later to occur of (x) the date action is taken to remove the Plan Administrator as aforesaid; or (y) the appointment of a successor by the Litigation Monitoring Committee or as otherwise contemplated in Section 5.3 hereof, and the acceptance by such successor of such appointment.

5.2 Resignation. The Plan Administrator may resign by giving not less than ninety (90) days' prior written notice thereof to the Litigation Trust Monitoring Committee.

5.3 Appointment of Successor upon Removal, Resignation or Death. If the Plan Administrator is removed pursuant to Section 5.1, resigns pursuant to Section 5.2 or dies, the Litigation Monitoring Committee may appoint a successor Plan Administrator. If a successor Plan Administrator is not appointed or does not accept its appointment pursuant to the preceding sentence of this Section 5.3 within seventy-five (75) days following such action for removal, delivery of notice of resignation or death of the predecessor Plan Administrator, as the case may be, any holder of Litigation Trust Beneficial Interests or the Plan Administrator may petition the Court for the appointment of a successor Plan Administrator.

5.4 Acceptance of Appointment by Successor Plan Administrator. Any successor Plan Administrator appointed hereunder shall execute an instrument (i) accepting such appointment hereunder (and shall file such acceptance with the Court) and (ii) agreeing to be

bound by the provisions of this Agreement and the Plan. Thereupon, such successor Plan Administrator shall, without any further act, become vested with all the estates, properties, rights, powers, trust and duties of its predecessor in Post Effective Date L&H with like effect as if originally named herein; provided, however, that a removed or resigning Plan Administrator shall execute and deliver an instrument, or instruments in a form reasonably satisfactory to the predecessor, conveying and transferring to such successor Plan Administrator all the estates, properties, rights, powers, and trusts of such predecessor Plan Administrator.

## ARTICLE VI

### CLOSING OF CHAPTER 11 CASE

6.1 Closing of Chapter 11 Case. When all Disputed Claims filed against the Chapter 11 Assets become Allowed Claims or have become Disallowed Claims, and all remaining assets have been liquidated and converted into Cash, and such Cash has been distributed in accordance with the terms of the Plan, or at such earlier time as the Plan Administrator deems appropriate, the Plan Administrator shall seek authority from the Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules. If not previously dissolved, at such time the Plan Administrator shall dissolve Post Effect Date L&H in accordance with appropriate law.

## ARTICLE VII

### AMENDMENT AND WAIVER

7.1 Amendment and Waiver. Any substantive provision of this Agreement may be amended or waived upon notice, hearing and approval of the Court. Technical amendments to this Administration Agreement may be made, as necessary to clarify this Agreement or enable the Plan Administrator to effectuate the terms of this Agreement, by the Plan Administrator with the consent of the Litigation Monitoring Committee.

## ARTICLE VIII

### MISCELLANEOUS PROVISIONS

8.1 Preservation of Privilege and Defenses. In connection with the rights, claims, and Causes of Action that constitute the property of Post Effective L&H, any attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral) transferred to Post Effective L&H shall vest in the Plan Administrator and its representatives, and the Debtor and the Plan Administrator is authorized to take all necessary actions to effectuate the transfer of such privileges and available defenses.

8.2 Cooperation. The Debtor maintains document repositories in Danvers, Massachusetts (the "US Repository"). In addition, certain documents are maintained in Belgium (the "Belgian Repository"). Ownership and control of the US Repository is hereby assigned, conveyed and transferred by the Debtor to the Litigation Trust and Post Effective Date L&H;

provided, however, the Litigation Trustee and Plan Administrator shall provide the Curators (and any party authorized by the Curators) with full and complete access to the contents of the US Repository upon reasonable prior notice. The Curators shall provide or cause to be provided to the Litigation Trustee and Plan Administrator full and complete access (if in their control) or assistance in obtaining access to the contents of the Belgian Repository upon reasonable prior notice.

8.3 Laws as to Construction. This Agreement shall be governed and construed in accordance with the laws of the State of New York, without giving effect to rules governing the conflict of laws.

8.4 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be finally determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

8.5 Notices. Any notice or other communication hereunder shall be in writing and shall be deemed to have been sufficiently given, for all purposes, if deposited, posted prepaid, in a post office or letter box addressed to the person for whom such notice is intended:

If to the Plan Administrator or the Litigation Trustee:

Scott L. Baena, Esq.  
200 S. Biscayne Blvd., Ste. 2500  
Miami, Florida 33131  
(305) 350-2403

with a copy to:

Bilzin Sumberg Baena Price & Axelrod LLP  
200 S. Biscayne Blvd., Ste. 2500  
Miami, Florida 33131  
(305) 350-2421  
Attn: Robert Turken, Esq.

If to the Litigation Monitoring Committee:

A. Edwin Matthews  
Fortis Financial Services  
Three Stamford Plaza  
301 Tressor Boulevard  
Stamford, CT 06901-3239



Michael Curran  
KBC Bank NY  
125 West 55<sup>th</sup> Street  
New York, NY 10019

Albert V. DeLeon  
Dexia New York  
445 Park Avenue, 7<sup>th</sup> Floor  
New York, NY 10022

If to a holder of a Litigation Trust Unit:  
To the name and address set forth on the official register maintained by the Litigation  
Trustee.

8.6 Headings. The section headings contained in this Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Agreement or of any term or provision hereof.

8.7 Relationship to the Plan. The principal purpose of this Agreement is to aid in the implementation of the Plan and therefore this Agreement incorporates the provisions of the Plan. To that end, the Plan Administrator shall have full power and authority to take any action consistent with the purpose and provisions of the Plan, and to seek any orders from the Court in furtherance of implementation to the Plan and this Administration Agreement. If any provisions of this Agreement are found to be inconsistent with the provisions of the Plan, the provisions of the Plan shall control.

8.8 Counterparts; Execution and Delivery by Facsimile. For the purpose of facilitating the execution of this Agreement, as herein provided and for other purposes, this Agreement may be executed simultaneously in counterparts, each of which counterpart shall be deemed to be an original, and all such counterparts shall constitute but one and the same instrument. Any original counterpart when executed and transmitted by electronic facsimile shall be deemed duly delivered to the other party upon confirmation receipt thereof by such other party.

IN WITNESS WHEREOF, the parties hereto have either executed and acknowledged this Administration Agreement, or caused it to be executed and acknowledged on their behalf by their duly authorized officers all as of the date first above written.

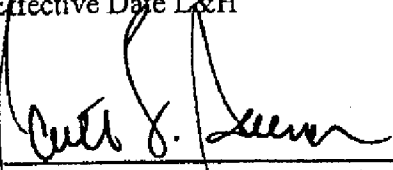
Lernout & Hauspie Speech Products N.V.,  
As Debtor and Debtor in Possession<sup>1</sup>

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Agreed and Acknowledged:

Post Effective Date L&H

By:

  
\_\_\_\_\_  
Scott L. Baena, as Plan Administrator

<sup>1</sup> In accordance with paragraph 35 of the Findings of Fact and Conclusions of Law Relating to, and Order under Section 1129 of the Bankruptcy Code Confirming, The Official Committee of Unsecured Creditors' Plan of Liquidation for Lernout & Hauspie Speech Products N.V. under Chapter 11 of the Bankruptcy Code, dated May 30, 2003, this Agreement shall be deemed to be effective without any further action on the part of L&H NV or Post Effective Date L&H.

**EXHIBIT "A"**  
**COMPENSATION**

As compensation for services, the Plan Administrator shall receive:

- i. \$25,000 per month for the initial six month period following the date hereof; and
- ii. After the initial six month period following the date hereof, the Litigation Monitoring Committee and the Plan Administrator shall review the compensation set forth in (i) above and make adjustments as appropriate.

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

----- x  
In re: : Chapter 11  
: Case No. 00-4398 (JHW)  
LERNOUT & HAUSPIE SPEECH :  
PRODUCTS N.V., :  
: Debtor. :  
----- x

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF  
LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.'S PLAN OF  
LIQUIDATION FOR LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

**AKIN GUMP STRAUSS HAUER & FELD LLP**  
590 Madison Avenue  
New York, New York 10022-2524  
(212) 872-1000

- and -

**MONZACK & MONACO, P.A.**  
1201 Orange Street  
Wilmington, DE 19801  
(302) 656-8162

Attorneys for the Official Committee of Unsecured  
Creditors of Lernout & Hauspie Speech Products N.V.

Dated: March 11, 2003

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**THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF  
LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.'S PLAN OF  
LIQUIDATION FOR LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

The Official Committee of Unsecured Creditors of Lernout & Hauspie Speech Products N.V. proposes the following Plan of Liquidation pursuant to the provisions of Chapter 11 of the Bankruptcy Code:

**SECTION I**

**DEFINITIONS**

The following terms, when used in the Plan or any subsequent amendments or modifications thereof, shall have the meanings defined below:

1.1 "Administrative Expense Claim" means any right to payment constituting a cost or expense of administration of the Chapter 11 Case Allowed under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses of preserving the Chapter 11 Assets, (b) any actual and necessary costs and expenses of operating the businesses related to the Chapter 11 Assets, (c) any indebtedness or obligations incurred or assumed by the Debtor in the ordinary course of business in connection with the Chapter 11 Assets, (d) claims for reclamation of the Chapter 11 Assets Allowed in accordance with section 546(c)(2) of the Bankruptcy Code pursuant to a Final Order, (e) any Professional Fees, whether fixed before or after the Effective Date, (f) any fees or charges assessed against and payable by the Estate of the Debtor under section 1930, Chapter 123, title 28, United States Code, including post-Confirmation Date and post-Effective Date fees and charges, and (g) the Indenture Trustees' Fees. No Belgian Priority Claim shall constitute an Administrative Expense Claim.

1.2 "Affiliate" shall have the meaning ascribed to such term in section 101(2) of the Bankruptcy Code.

1.3 "Allowed" means, with reference to any Claim (including any Administrative Expense Claim or Belgian Claim) in the Chapter 11 Case, (a) any Claim against or Equity Interest in the Debtor, proof of which was filed within the applicable period of limitation fixed by the Bankruptcy Court in accordance with Rule 3003(c)(3) of the Bankruptcy Rules (i) as to which no objection to the allowance thereof, or action to equitably subordinate or otherwise limit recovery with respect thereto, has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or a Final Order, (ii) as to which no action has been commenced to avoid such Claim or Equity Interest within the applicable period of limitation fixed by the Plan, or (iii) as to which an objection has been interposed, to the extent such Claim or Equity Interest has been allowed (whether in whole or in part) by a Final Order, (b) if no proof of Claim was so filed, any Claim against the Debtor which has been listed by the Debtor on its Schedules, as liquidated in amount and not disputed or contingent (or as to which the applicable proof of Claim has been withdrawn or Disallowed), (c)

if no proof of Equity Interest was so filed, any Equity Interest listed in the consolidated stockholders list maintained by L&H NV as of the Record Date, (d) any Claim arising from the recovery of property under sections 550 or 553 of the Bankruptcy Code and allowed in accordance with section 502(h) of the Bankruptcy Code, (e) any Claim allowed under or pursuant to the terms of the Plan, (f) with respect to an Old Convertible Subordinated Notes Claim, or any portion thereof held by any Person or Entity listed on the Old Convertible Subordinated Notes Indenture Trustee's note register in accordance with sections 2.5(a) and 5.2 of the Old Convertible Subordinated Notes Indenture as of the Record Date, and (g) any Claim to the extent that it has been allowed by a Final Order. Unless otherwise specified herein or by order of the Bankruptcy Court, "Allowed Claims" shall not, for any purpose under the Plan, include interest, penalties or late charges on such Claims from and after the Petition Date. In addition, "Allowed Claim" shall not include (i) any Claim subject to disallowance in accordance with section 502(d) of the Bankruptcy Code, (ii) any Claim allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court or (iii) any Belgian Priority Claim.

1.4 "Allowed Unsecured Claim Trust Interests" shall have the meaning ascribed to such term in Section 5.2.3(a) of the Plan.

1.5 "Assigned Causes of Action" means collectively, any and all Causes of Action of L&H NV, including, without limitation, any Causes of Action assigned to the Debtor pursuant to the L&H Holdings Plan and pursuant to the Stipulation And Order Between Lernout & Hauspie Speech Products N.V. And L&H Holdings USA, Inc. And Baker Parties Compromising And Settling Claims, dated January 31, 2002, but with respect to all of the foregoing, excluding (i) Causes of Action released in accordance with Section 13.2 of the Plan; (ii) any and all Causes of Action settled or resolved in the Plan or pursuant to a Final Order of the Bankruptcy Court; and (iii) any Causes of Action asserted against any third party who has asserted a Claim against the Debtor unless and until (a) the Plan Administrator has asserted any and all of the Debtor's counterclaims against such third party or rights to setoff or recoupment against such third party, including the Debtor's rights under section 502(d) of the Bankruptcy Code, and (b) such counterclaims, rights to setoff or recoupment, or rights under section 502(d) of the Bankruptcy Code have been determined by a Final Order or otherwise.

1.6 "Assumption And Assignment Schedule" means the schedule of executory contracts and unexpired leases designated in the Plan Supplement, as may be the case, assumption or assumption and assignment as of the Effective Date of the Plan, pursuant to sections 365 and 1123(b)(2) of the Bankruptcy Code and Sections 10.1 and 10.2 of the Plan.

1.7 "Available Cash" means at any time, the Cash held by Post Effective Date L&H on account of the Chapter 11 Assets (including the net proceeds from any sales of Chapter 11 Assets and any Distributions received, either directly or derivatively, from L&H Holdings pursuant to the L&H Holdings Plan or from Reorganized Dictaphone pursuant to the Dictaphone Plan), along with the non-cash proceeds of any Chapter 11 Asset Transfers; provided, however, that such non-cash proceeds shall include the common stock of Reorganized Dictaphone distributed to L&H NV pursuant to the Dictaphone Plan, *minus* (i) the amount of Cash necessary to satisfy or reserve for all Allowed Class 2 Secured Claims, Administrative Expense Claims,

Priority Tax Claims, Class 1 Priority Non-Tax Claims, and Cash held in any Disputed Claims Reserve, (ii) the amount of Cash determined from time to time by the Plan Administrator to be necessary to fund adequately the administration of the Plan and Post Effective Date L&H on and after the Effective Date, and (iii) the Litigation Trust Reserve and the Litigation Monitoring Committee Reserve.

1.8 "Avoidance Actions" means any and all avoidance or recovery actions under sections 502(d), 542, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code.

1.9 "Ballot" means the form or forms distributed to each holder of an impaired Claim on which form or forms such holder of a Claim may, among other things, vote to accept or reject the Plan.

1.10 "Bankruptcy Code" means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Case, as in effect on the Confirmation Date.

1.11 "Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 11 Case and, to the extent of any reference under section 157 of title 28 of the United States Code, the unit of such District Court under section 151 of the United States Code.

1.12 "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075, title 28, United States Code, and the Local Rules of the Bankruptcy Court, as amended from time to time and applicable to the Chapter 11 Case.

1.13 "Belgian Assets" means the assets attributable to the Debtor's business operations in Belgium as determined by the allocation described in more detail in Section IV.M of the Disclosure Statement plus an additional \$5,091,386 in Cash to be transferred to the Curators for distribution to Belgian Priority Claims.

1.14 "Belgian Case" means the Debtor's bankruptcy proceeding currently pending in Belgium.

1.15 "Belgian Claims" means general, unsecured claims for which proofs of claim (or their functional equivalent under Belgian law) were validly filed in the Belgian Case, which claims will be transferred to the Chapter 11 Case, deemed timely filed therein, and subject to administration and allowance solely and exclusively in the Chapter 11 Case. The priority and validity of each Belgian Claim will be determined solely and exclusively in the Chapter 11 Case in accordance with the Bankruptcy Code and Bankruptcy Rules.

1.16 "Belgian Priority Claims" means claims entitled to priority in the Belgian Case including, but not limited to, (i) the claims which are the subject of the Emergency Motion Of Lernout & Hauspie Speech Products N.V., Pursuant To 11 U.S.C. §§ 105(a), 363(b)(1), And 503(b), For Entry Of Order Authorizing Payment Of Certain Administrative Expense Claims Relating To Post-Petition (A) Statutorily Mandated Employee Payments; (B) Belgian Social Security Taxes; (C) Belgian Employee Withholding Taxes; And (D) Belgian Real Estate Taxes

filed by L&H NV on March 31, 2003, (ii) any claims of a Belgian governmental unit, Rijksdienst voor Sociale Zekerheid, Ministerie Vlaamse Gemeenschap, or Ministerie Van Financiën, (iii) any claims for taxes imposed under Belgian law, including, but not limited to, social security tax, real estate tax, income tax, wage tax, employee withholding tax, mandatory severance payments, and (iv) any professional fee claims relating to the Belgian Case, including, but not limited to, fees and expenses of the Curators and the commissioners. The Belgian Priority Claims will not participate or receive any consideration under the Plan. The Belgian Priority Claims will be administered solely and exclusively in the Belgian Case.

1.17 "Belgian Revolving Credit Facility" means that certain Revolving Credit Facility Agreement, dated as of May 2, 2000, by and among the Debtor, as the borrower, and the Lenders, as the lenders.

1.18 "Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York are required or authorized to close by law or executive order, and (iv) the Friday after Thanksgiving.

1.19 "Cash" means legal tender of the United States of America. When applicable, and except as provided in Section 7.4.8 below, the conversion rate among the United States Dollar (\$) and the Euro (€) shall be the spot conversion rate expressed in Dollars per Euro, as published at 10 a.m. Eastern Standard Time by the Federal Reserve Bank of New York on the Petition Date.

1.20 "Cash Investment Yield" means the net yield earned by Post Effective Date L&H from the investment of Cash held pending distribution in accordance with the provisions of the Plan.

1.21 "Causes of Action" means any and all actions, causes of action, liabilities, controversies, promises, agreements, obligations, rights, suits, debts, sums of money, damages, judgments, claims and demands whatsoever, whether known or unknown, reduced to judgment or not reduced to judgment, liquidated or unliquidated, contingent or non-contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Case (including through the Effective Date), including, without limitation, the Avoidance Actions and any Causes of Action assigned to the Debtor pursuant to the L&H Holdings Plan.

1.22 "Chapter 11 Assets" means all of the Debtor's assets other than Belgian Assets.

1.23 "Chapter 11 Case" means the case commenced under Chapter 11 of the Bankruptcy Code by the Debtor pending in the Bankruptcy Court, as referenced by Case No. 00-4398 (JHW), which is consolidated administratively under the same Case Number with the chapter 11 cases of Dictaphone (No. 00-4397 (JHW)) and L&H Holdings (No. 00-4399 (JHW)).

1.24 "Claim" means a claim against the Chapter 11 Assets, whether or not asserted, as defined in section 101(5) of the Bankruptcy Code.

1.25 "Class" means a category of holders of Claims or Equity Interests described in Section IV hereof.

1.26 "Collateral" means any Chapter 11 Asset subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or other applicable law.

1.27 "Committee" means the official committee of unsecured creditors appointed by the United States Trustee in the chapter 11 cases of L&H NV, Dictaphone, and L&H Holdings on December 13, 2000 and as reconstituted on February 28, 2001 to represent unsecured creditors of L&H NV and L&H Holdings (and, prior to February 28, 2001, also to represent the unsecured creditors of Dictaphone), as such committee may be constituted from time to time. Subsequent to the L&H Holdings Plan becoming effective on September 23, 2002, the Committee only represents the unsecured creditors of L&H NV.

1.28 "Common Stock" means the common stock of L&H NV, with no par value, authorized and outstanding on the Petition Date, including all rights, claims and interests attendant thereto.

1.29 "Confirmation Date" means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court with respect to the Chapter 11 Case.

1.30 "Confirmation Hearing" means the hearing held by the Bankruptcy Court pursuant to section 1128(a) of the Bankruptcy Code on confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as it may be adjourned or continued from time to time.

1.31 "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan under section 1129 of the Bankruptcy Code.

1.32 "Curators" means the Official Receivers, and any receivers under the supervision of the Official Receivers, appointed by the Belgian Court pursuant to the Judgment On Petition of the Belgian Court dated October 24, 2001 and October 25, 2001.

1.33 "Cure" means the Distribution of Cash, or such other property as may be agreed upon by the parties and/or ordered by the Bankruptcy Court, with respect to the assumption of an executory contract or unexpired lease, pursuant to section 365(b) of the Bankruptcy Code, in an amount equal to all accrued, due and unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties or ordered by the Bankruptcy Court, under such executory contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law.

1.34 "Debtor" means L&H NV.



1.35 "Debtor in Possession" means the Debtor in its capacity as debtor in possession in the Chapter 11 Case under sections 1107(a) and 1108 of the Bankruptcy Code.

1.36 "Dictaphone" means Dictaphone Corporation, a Delaware corporation, formerly a wholly-owned subsidiary of L&H NV and debtor in possession, which emerged from chapter 11 case No. 00-4397 (JHW) on March 28, 2002 to become Reorganized Dictaphone.

1.37 "Dictaphone Guaranty" means that certain Limited Guaranty, dated as of May 30, 2000 and amended and restated on November 8, 2000, of Dictaphone for the benefit of the Lenders.

1.38 "Dictaphone Plan" means the Third Amended Plan Of Reorganization Of Dictaphone Corporation Under Chapter 11 Of Bankruptcy Code filed on January 31, 2002 in the Bankruptcy Court in Dictaphone's chapter 11 case (No. 00-4397 (JHW)) confirmed on March 13, 2002 and effective on March 28, 2002, including the plan supplement, the schedules and the exhibits thereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

1.39 "Disallowed Claim" means (a) a Claim, or any portion thereof, that has been disallowed by a Final Order or (b) unless scheduled by the Debtor as a fixed, liquidated, non-contingent and undisputed Claim, a Claim as to which a proof of Claim filing deadline has been established by the Bankruptcy Code, Bankruptcy Rules or Final Order, but for which no proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order.

1.40 "Disclosure Statement" means the disclosure statement relating to the Plan, including the exhibits and schedules thereto, as the same may be amended, modified or supplemented from time to time, as approved by the Bankruptcy Court pursuant to the Disclosure Statement Approval Order.

1.41 "Disclosure Statement Approval Date" means the date on which the Clerk of the Bankruptcy Court enters the Disclosure Statement Approval Order on the docket of the Bankruptcy Court with respect to the Chapter 11 Case approving the adequacy of the Disclosure Statement under section 1125 of the Bankruptcy Code.

1.42 "Disclosure Statement Approval Order" means the Final Order approving, among other things, the adequacy of the Disclosure Statement pursuant to section 1125 of the Bankruptcy Code, entered by the Bankruptcy Court on April 10, 2003.

1.43 "Disputed Claim" means a Claim, or any portion thereof, that is neither an Allowed Claim nor a Disallowed Claim.

1.44 "Disputed Claims Reserve" means a reserve of Cash, Available Cash, Litigation Trust Beneficial Interests, and/or other Distributions under the Plan, established herein for, among other things, the payment or other satisfaction of Disputed Claims that become Allowed Claims after the Effective Date, which reserve shall be held for the benefit of the

holders of Disputed Claims and, except as provided in Section 8.5 of the Plan, upon closure of a Disputed Claims Reserve, shall not constitute property of the Estate or Post Effective Date L&H.

1.45 "Distributions" means the distribution to be made in accordance with the Plan of, as the case may be: (a) Cash, (b) Litigation Trust Beneficial Interests, (c) Available Cash, and (d) any other consideration distributed to holders of Allowed Claims under the terms and provisions of the Plan.

1.46 "Effective Date" means the first Business Day on which (a) all conditions precedent set forth in Section 11.2 of the Plan have been satisfied or waived as provided in Section 11.3 of the Plan and (b) no stay of the Confirmation Order is in effect.

1.47 "Entity" shall have the meaning assigned to such term in section 101(15) of the Bankruptcy Code.

1.48 "Equity Interest" means, as of the Petition Date, any capital stock or other ownership interest in the Debtor, whether or not transferable, and any option, call, warrant or right to purchase, sell or subscribe for an ownership interest or other equity security in the Debtor, including, but not limited to, (i) the Old Capital Stock of the Debtor and (ii) redemption, conversion, exchange, voting, participation, dividend rights and liquidation, preferences relating to such Old Capital Stock.

1.49 "Estate" means, as to the Debtor and for the purposes of the Plan only, the Chapter 11 Assets.

1.50 "Excess Available Cash" shall have the meaning ascribed to such term in Section 5.2.3 of the Plan.

1.51 "Final Distribution Date" means the final Distribution of Available Cash to holders of Allowed Claims after resolution, abandonment or other disposition of all Disputed Claims, the liquidation into Cash of all of the Chapter 11 Assets, and the collection of other sums due or otherwise remitted or returned to Post Effective Date L&H.

1.52 "Final Order" means an order or judgment of the Bankruptcy Court as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for reargument or rehearing shall then be pending, provided, however, if an appeal, petition for certiorari, reargument or rehearing thereof has been filed or sought, such order of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied or reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired; provided, further, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.

1.53 "Indenture Trustees' Fees" means the reasonable prepetition and postpetition fees and expenses of the PIERS Indenture Trustee and the Old Convertible Subordinated Notes Indenture Trustee and their respective counsel as agreed to by the Plan Administrator or as allowed by the Bankruptcy Court.

1.54 "Intercompany Loan Agreement" means that certain Loan Agreement, dated May 5, 2000, in the amount of \$173 million between Dictaphone, as borrower, and L&H Coordination Centre C.V.B.A., as lender, as amended pursuant to that certain Amended and Restated Intercompany Loan Agreement dated November 20, 2000, and as may be in effect from time to time.

1.55 "Intercompany Loan Agreement Claims" means all Claims against Dictaphone asserted in its chapter 11 case (No. 00-4397 (JHW)) pending in the Bankruptcy Court arising from or under, or relating in any way to, the Intercompany Loan Agreement, including approximately (a) \$173 million in principal amount under such Intercompany Loan Agreement, (b) \$7.9 million in interest under such Intercompany Loan Agreement, and (c) other claims that were treated by Dictaphone in the Dictaphone Plan as being included in such Intercompany Loan Agreement Claim (although not formally documented under the Intercompany Loan Agreement), including (i) a claim in the amount of \$9.3 million for expenses of L&H NV incurred as a result of the acquisition of Dictaphone, (ii) a claim in the amount of \$3 million for cash advanced to Dictaphone by L&H NV prior to the commencement of the Chapter 11 Case, and (iii) a claim in the amount of \$2.6 million for allocation by L&H NV to Dictaphone of overhead charges.

1.56 "L&H Holdings" means L&H Holdings USA, Inc., a Delaware corporation and formerly a debtor and debtor in possession in chapter 11 case No. 00-4399 (JHW) currently pending before the Bankruptcy Court.

1.57 "L&H Holdings Plan" means the First Amended Plan Of Liquidation Of L&H Holdings USA, Inc. Under Chapter 11 Of The Bankruptcy Code, filed in L&H Holdings' chapter 11 case (No. 00-4399 (JHW)) on April 29, 2002, confirmed by the Bankruptcy Court on August 13, 2002, and effective on September 23, 2002.

1.58 "L&H NV" means Lernout & Hauspie Speech Products N.V., a corporation incorporated under Belgian laws as a "naamloze vennootschap" with registered seat at Flanders Language Valley, 899 Ieper, Belgium, registered with the Commercial Registers of Ieper under No. 31.360, Brussels under No. 610.455 and Antwerpen under No. 329.244, that is the Debtor and Debtor-in-Possession in the Chapter 11 Case.

1.59 "L&H NV Parties" means, collectively, (a) the Curators, (b) L&H NV and Post Effective Date L&H, (c) the Committee and the present and former members thereof, and (d) solely in respect of their specific capacities, such directors, officers, agents, attorneys, affiliates, employees, accountants, advisors and financial advisors of any of the foregoing who, with respect to each of the parties identified in subsections (b) and (c), has served in such capacities on or after November 1, 2001.

1.60 "Lenders" means those certain financial institutions acting as the lenders under the Belgian Revolving Credit Facility, and their respective successors or assigns with respect thereto, including Fortis Bank N.V., KBC Bank N.V., Artesia Banking Corporation N.V., Deutsche Bank N.V., and Dresdner Bank Luxembourg S.A.

1.61 "Liabilities" means any and all costs, expenses, actions, Causes of Action, suits, controversies, damages, claims, liabilities or demands of any nature, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, liquidated or unliquidated, matured or not matured, contingent or direct, whether arising at common law, in equity, or under any statute, based in whole or in part on any act or omission or other occurrence arising or taking place on or prior to the Effective Date relating to the Chapter 11 Assets.

1.62 "Lien" shall have the meaning ascribed to such term in section 101(37) of the Bankruptcy Code (but a lien that has or may be avoided pursuant to an Avoidance Action shall not constitute a Lien).

1.63 "Litigation Administrative Costs" shall have the meaning ascribed to such term in Section 7.4.8 of the Plan.

1.64 "Litigation Proceeds" shall have the meaning ascribed to such term in Section 7.4.9 of the Plan

1.65 "Litigation Trust" means a litigation trust established pursuant to (a) Regulation 301.7701-4(d) of the Regulations of the United States Department of the Treasury and (b) Internal Revenue Procedure 94-45, and as a grantor trust, subject to the provisions of Subchapter J and Subpart E of the Internal Revenue Code of 1986 (as amended), owned by the Trust Beneficiaries as grantors, and to be established in accordance with Section 7.4 of the Plan.

1.66 "Litigation Trust Agreement" means the trust agreement pursuant to which the Litigation Trust shall be established, substantially in the form contained in the Plan Supplement.

1.67 "Litigation Trust Beneficiary" means a beneficiary of the Litigation Trust.

1.68 "Litigation Trustee" means Scott L. Baena, or any successor appointed by the Litigation Monitoring Committee.

1.69 "Litigation Trust Reserve" shall have the meaning ascribed to such term in Section 7.4.7 of the Plan.

1.70 "Litigation Trust Beneficial Interest" means the beneficial interest in the Litigation Trust being distributed to holders of certain Classes of Claims, as described in Section 7.4 of the Plan.

1.71 "Litigation Monitoring Committee" shall have the meaning ascribed to such term in Section 7.4.18 of the Plan.

1.72 "Litigation Monitoring Committee Reserve" shall have the meaning ascribed to such term in Section 7.4.7 of the Plan.

1.73 "Litigation Reserve" shall have the meaning ascribed to such term in Section 7.4.11 of the Plan.

1.74 "Maximum Recovery Amount" shall have the meaning ascribed to such term in Section 7.4.10(h) of the Plan.

1.75 "Old Capital Stock" means, with respect to the Debtor, collectively: (a) the Common Stock of the Debtor and (b) the Old Stock Options of the Debtor.

1.76 "Old Convertible Subordinated Notes" means the 8% Convertible Subordinated Notes Due 2001, issued under that certain Indenture, dated as of November 20, 1996, between L&H NV and the Old Convertible Subordinated Notes Indenture Trustee.

1.77 "Old Convertible Subordinated Notes Claims" means all claims (including, but not limited to, all Claims), directly or indirectly, against the Debtor arising from or under, or relating in any way to, the Old Convertible Subordinated Notes or the Old Convertible Subordinated Notes Indenture.

1.78 "Old Convertible Subordinated Notes Indenture" means that certain Indenture, dated as of November 20, 1996, between L&H NV and the Old Convertible Subordinated Notes Indenture Trustee, as trustee.

1.79 "Old Convertible Subordinated Notes Indenture Trustee" means The Bank of New York in its capacity as successor indenture trustee under the Old Convertible Subordinated Notes Indenture.

1.80 "Old Stock Options" means any options, warrants or other rights to purchase Common Stock of the Debtor, whenever granted.

1.81 "Person" shall have the meaning ascribed to such term in section 101(41) of the Bankruptcy Code.

1.82 "Petition Date" means November 29, 2000, the date on which L&H NV filed its chapter 11 petition and commenced the Chapter 11 Case.

1.83 "PIERS Indenture Trustee" means Wilmington Trust Company in its capacity as trustee under (a) that certain Multiple Series Indenture, dated as of May 27, 1998, between L&H NV and Wilmington Trust Company, as trustee, and (b) that certain First Supplemental Indenture, dated as of May 27, 1998, between L&H NV and Wilmington Trust Company, as trustee.

1.84 "PIERS/Old Convertible Subordinated Notes Claims" means, collectively, all Old Convertible Subordinated Notes Claims and PIERS Transaction Claims.

1.85 "PIERS Transaction Claims" means claims, including but not limited to Claims, against L&H NV based upon, arising from or under, or related to any of the following: (a) that certain Multiple Series Indenture, dated as of May 27, 1998, between L&H NV and Wilmington Trust Company, as trustee, (b) that certain First Supplemental Indenture, dated as of May 27, 1998, between L&H NV and Wilmington Trust Company, as trustee, (c) those certain 4.75% Convertible Junior Subordinated Debentures due 2008, issued by L&H NV, and (d) any guarantee by L&H NV of the 4.75% Preferred Income Equity Securities and 4.75% Common Securities issued under the foregoing agreements, including under that certain Guarantee Agreement, dated as of May 27, 1998, among L&H NV and Wilmington Trust Company.

1.86 "Plan" means the Official Committee Of Unsecured Creditors' Plan Of Liquidation For Lemout & Hauspie Speech Products N.V. Under Chapter 11 Of The Bankruptcy Code, including the Plan Supplement, the schedules (including the Assumption And Assignment Schedule) and exhibits hereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

1.87 "Plan Administrator" means Scott L. Baena. All references to Post Effective Date L&H shall include the Plan Administrator.

1.88 "Plan Administration Agreement" means the agreement by which the Plan Administrator shall be appointed, substantially in the form contained in the Plan Supplement.

1.89 "Plan Supplement" means the form of documents specified in Section 15.6 of the Plan, which are incorporated herein by reference.

1.90 "Plan Transactions" means the transactions effectuated or to be effectuated on or before the Effective Date pursuant to the terms of the Plan, including, but not limited to, the transactions described in Section VII of the Plan.

1.91 "Post Effective Date L&H" means, on and after the Effective Date, the successor to L&H NV and the Estate with respect to the Chapter 11 Assets (and any successor thereto by merger, consolidation or otherwise).

1.92 "Priority Non-Tax Claim" means any Claim of a kind specified in sections 507(a)(3), (4), (5), (6), (7) or (9) of the Bankruptcy Code. No Belgian Priority Claim shall constitute a Priority Non-Tax Claim.

1.93 "Priority Tax Claim" means any Claim of a governmental unit of the kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code. No Belgian Priority Claim shall constitute a Priority Tax Claim.

1.94 "Professional Fees" means any Claim of a professional, retained in the Chapter 11 Case, pursuant to sections 327, 328 and 1103 of the Bankruptcy Code or otherwise, for compensation or reimbursement of costs and expenses relating to services incurred prior to and including the Effective Date relating to the Chapter 11 Assets, when and to the extent any such Claim is Allowed by the Bankruptcy Court pursuant to sections 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code.

1.95 "Ratable Proportion" means, with reference to any Distribution on account of any Allowed Claim in any Class, the ratio (expressed as a percentage) that the amount of such Allowed Claim bears to the aggregate amount of Allowed Claims of the same Class plus all Disputed Claims in such Class.

1.96 "Record Date" means the record date for determining an entitlement to receive Distributions under the Plan on account of Allowed Claims, which with respect to holders of Allowed Claims (i) for the initial Distribution Date shall mean the Confirmation Date and (ii) for each subsequent Semi-Annual Distribution Date shall mean the twentieth (20) Business Day prior to such Semi-Annual Distribution Date.

1.97 "Reinstated" or "Reinstatement" means leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the holder of such Claim so as to leave such Claim unimpaired in accordance with section 1124 of the Bankruptcy Code, thereby entitling the holder of such Claim to, but not more than, (a) reinstatement of the original maturity of the obligations on which such Claim is based, and (b) payment, as provided herein, of an amount of Cash consisting solely of the sum of (i) matured but unpaid principal installments, without regard to any acceleration of maturity, accruing prior to the Effective Date, (ii) accrued but unpaid interest as of the Petition Date, and (iii) reasonable fees, expenses, and charges, to the extent such fees, expenses, and charges are Allowed under the Bankruptcy Code and are specifically provided for in the agreement or agreements on which such Claim is based; provided, however, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence or prohibiting certain transactions or actions contemplated by the Plan, or conditioning such transactions or actions on certain factors, shall not be required to be reinstated in order to accomplish Reinstatement.

1.98 "Reorganized Dictaphone" means, after the effective date of the Dictaphone Plan (i.e., March 28, 2002), Dictaphone and any successor thereby by merger, consolidation or otherwise.

1.99 "Schedules" means the schedules of assets and liabilities and the statements of financial affairs filed with the Bankruptcy Court on or about March 10, 2001 by the Debtor under section 521 of the Bankruptcy Code and the Official Bankruptcy Forms of the Bankruptcy Rules, as such schedules and statements existed on March 11, 2003, or may be amended, from time to time, with the prior written consent of the Committee, which consent may be withheld by the Committee in its sole and absolute discretion.

1.100 "Semi-Annual Distribution Date" shall have the meaning ascribed to such term in Section 7.2.1(b) of the Plan.

1.101 "Secured Claim" means a Claim secured by a Lien on Collateral to the extent of the value of the Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code, or as otherwise agreed upon in writing by the Plan Administrator and subject to the approval of the Bankruptcy Court. To the extent that the value of such interest is less than the amount of the Claim which has the benefit of such security, the unsecured portion of such

Claim is an Unsecured Deficiency Claim unless, in any such case, the Class of which such Claim is a part makes a valid and timely election under section 1111(b) of the Bankruptcy Code to have such Claim treated as a Secured Claim to the extent Allowed.

1.102 "Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.103 "Securities Class Actions/Suits" means the pending actions and lawsuits relating to the Securities Laws Claims.

1.104 "Securities Law Claim" means a Claim (1) arising from rescission of a purchase or sale of a security of the Debtor or an Affiliate of the Debtor; (2) for damages arising from the purchase or sale of such a security; (3) for reimbursement, indemnification, or contribution allowed under section 502 of the Bankruptcy Code on account of a Claim for damages or rescission arising out of a purchase or sale of a security of the Debtor or an Affiliate of the Debtor; or (4) for similar violations of the securities laws, misrepresentations, or any similar claim, including, to the extent related to the foregoing or subject to subordination under section 510(b) of the Bankruptcy Code, but not limited to, any attorneys' fees, other charges or costs incurred in connection with the foregoing, claims for indemnification relating to the foregoing, the Securities Class Actions/Suits, and those certain Claims asserted by Stonington Capital Partners, Inc., Stonington Capital Appreciation 1994 Fund, L.P. and Stonington Holdings LLC.

1.105 "Surplus Proceeds" shall have the meaning ascribed to such term in Section 7.4.10(b) of the Plan.

1.106 "Transfer" means any sale, assignment, lease, transfer, encumbrance, Lien, exchange, mortgage, pledge, hypothecation or other disposition, or the creation of a security interest or encumbrance, in whole or in part.

1.107 "United States Trustee" means the United States Trustee appointed under section 591, title 28, United States Code to serve in the District of Delaware.

1.108 "Unsecured Claim" means any claim that is (i) a Belgian Claim (ii) a Claim that is (a) the subject of a timely filed proof of claim, (b) listed in the Schedules (other than a claim listed as contingent, disputed or unliquidated), or (c) Allowed by a Final Order, and (iii) not an Administrative Expense Claim, Secured Claim, Priority Tax Claim, Priority Non-Tax Claim, PIERS/Old Convertible Subordinated Notes Claim, Belgian Priority Claim, or Securities Law Claim.

1.109 "Unsecured Deficiency Claim" means, with reference to a Claim secured by a Lien against Collateral, an amount equal to the difference between (a) the aggregate amount of such Claim after giving effect to the operation of section 1111(b)(1)(A) of the Bankruptcy Code and (b) the amount of such Claim that is a Secured Claim; provided, however, that, in the event that the Class in which such Secured Claim is classified makes the election under section 1111(b)(2) of the Bankruptcy Code in accordance with Rule 3014 of the Bankruptcy Rules, the



Unsecured Deficiency Claim otherwise relating to such Secured Claim shall be extinguished. An Unsecured Deficiency Claim is an Unsecured Claim.

1.110 "Voting Deadline" means the date set by the Bankruptcy Court pursuant to the Disclosure Statement Approval Order by which all Ballots for acceptance or rejection of the Plan must be received by the Committee or the Bankruptcy Court appointed balloting agent.

## SECTION II

### INTERPRETATION; APPLICATION OF DEFINITIONS, RULES OF CONSTRUCTION AND COMPUTATION OF TIME

Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. For purposes of the Plan (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, (b) any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented and (c) unless otherwise specified, all references in the Plan to Sections, Articles, and Exhibits are references to Sections, Articles, and Exhibits of or to the Plan. The words "herein," "hereof," "hereto," "hereunder," and other words of similar meaning refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. A capitalized term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code or in the exhibits hereto. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan. Unless otherwise indicated herein, all references to dollars means United States dollars. In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply.

## SECTION III

### PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY TAX CLAIMS AND OTHER UNCLASSIFIED CLAIMS

3.1 Administrative Expense Claims Each holder of an Allowed Administrative Expense Claim shall be paid Cash in full by Post Effective Date L&H, (i) upon the Effective Date or as soon as practicable thereafter, (ii) as soon as practicable after such Claim becomes an Allowed Administrative Expense Claim if the date of allowance is later than the Effective Date, or (iii) upon such other terms as may be mutually agreed upon between such holder of an Allowed Administrative Expense Claim and Post Effective Date L&H; provided, however, that all post-Effective Date professional fees and related expenses accrued by Professionals in connection with the Plan and the Chapter 11 Assets shall be paid by Post Effective Date L&H within ten (10) Business Days of the submission by any Professional of an

invoice to Post Effective Date L&H. In the event that Post Effective Date L&H objects to the payment of a Professional's post-Effective Date invoice, in whole or part, and the parties cannot resolve such objection after good faith negotiation, the Bankruptcy Court shall retain jurisdiction to review the disputed invoice and make a determination as to the extent to which the invoice shall be paid by Post Effective Date L&H.

3.2 Priority Tax Claims On the Effective Date or as soon as practicable thereafter, or as soon as practicable after such Claim becomes an Allowed Claim if the date of allowance is later than the Effective Date, a holder of an Allowed Priority Tax Claim shall be entitled to receive in full satisfaction, settlement, and release of, and in exchange for such Allowed Priority Tax Claim (a) deferred Cash payments in an aggregate principal amount equal to the amount of such Allowed Priority Tax Claim plus interest, to the extent required under applicable law, on the unpaid portion thereof at the legal rate of interest (excluding any default interest rate), or, in the absence of a legal rate of interest, at a rate of four percent (4%) per annum, from the Effective Date through the date of payment thereof, which date shall not extend beyond the sixth anniversary of the Effective Date, or (b) such other treatment as to which Post-Effective Date L&H and such holder shall have agreed upon in writing, with the approval of the Bankruptcy Court. If deferred Cash payments are made to a holder of an Allowed Priority Tax Claim, the remaining unpaid portion of such Allowed Claim shall be paid on or before the sixth anniversary of the Effective Date, together with any accrued and unpaid interest to the date of payment; provided, however, that Post Effective Date L&H reserves the right to pay any Allowed Priority Tax Claim, or any remaining balance of such Allowed Priority Tax Claim, in full at any time on or after the Effective Date without premium or penalty.

#### SECTION IV

##### CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

4.1 Summary For purposes of all confirmation issues, including, without limitation, voting, confirmation and distribution, except as otherwise provided herein, all Claims against the Chapter 11 Assets (except for Administrative Expense Claims and Priority Tax Claims) and Equity Interests in the Debtor are classified as follows:

#### 4.1.1 Claims against and Equity Interests in L&H NV.

CLASS	CLASS NAME	STATUS
Class 1	Priority Non-Tax Claims	Unimpaired -- not entitled to vote
Class 2	Secured Claims	Unimpaired -- not entitled to vote
Class 3	Unsecured Claims	Impaired -- entitled to vote
Class 4	PIERS/Old Convertible Subordinated Notes Claims	Impaired -- entitled to vote
Class 5	Common Stock	Impaired -- deemed to have rejected the plan and not entitled to vote
Class 6	Securities Law Claims	Impaired -- deemed to have rejected the plan and not entitled to vote
Class 7	Other Equity Interests	Impaired -- deemed to have rejected the plan and not entitled to vote

#### 4.2 Classification of Claims against the Chapter 11 Assets and Equity Interests in L&H NV:

4.2.1 Class 1: Priority Non-Tax Claims. Class 1 consists of all Priority Non-Tax Claims.

4.2.2 Class 2: Secured Claims. Class 2 consists of all Secured Claims.

4.2.3 Class 3: Unsecured Claims. Class 3 consists of all Unsecured Claims other than (a) Class 4 PIERS/Old Convertible Subordinated Notes Claims and (c) Class 6 Securities Laws Claims. Class 3 Unsecured Claims include, inter alia, Claims under the Belgian Revolving Credit Facility, all prepetition trade Claims relating to the Chapter 11 Assets, the Belgian Claims and other prepetition general unsecured Claims relating to the Chapter 11 Assets.

4.2.4 Class 4: PIERS/Old Convertible Subordinated Notes Claims. Class 4 consists of all PIERS Transaction Claims and Old Convertible Subordinated Notes Claims.

4.2.5 Class 5: Common Stock. Class 5 consists of all interests of the holders of Common Stock on account of such interests.

4.2.6 Class 6: Securities Law Claims. Class 6 consists of all Securities Law Claims.

4.2.7 Class 7: Other Equity Interests. Class 7 consists of all Equity Interests in L&H NV not otherwise classified in Classes 5 and 6, including the interests of holders of Old Stock Options.

## SECTION V

### TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN

5.1 Designation of Treatment. The following treatment set forth in this Section V shall be accorded to Claims against the Chapter 11 Assets and Equity Interests in the Debtor.

5.2 Claims Against the Chapter 11 Assets and Equity Interests in L&H NV.

5.2.1 Class 1: Priority Non-Tax Claims. On the Effective Date or as soon as practicable thereafter, or as soon as practicable after such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim if the date of allowance is later than the Effective Date, a holder of an Allowed Class 1 Priority Non-Tax Claim shall receive, in full satisfaction, settlement, release of, and in exchange for such Allowed Class 1 Priority Non-Tax Claim (a) a Distribution of Cash equal to the amount of such Allowed Class 1 Priority Non-Tax Claim, or (b) such other treatment as to which Post Effective Date L&H and such holder shall have agreed upon in writing.

5.2.2 Class 2: Secured Claims. Each holder of an Allowed Secured Claim shall be deemed to be classified in a separate Class and shall be treated as follows: to the extent that any such Claim is determined to be an Allowed, valid and perfected Secured Claim, the holder of such Secured Claim shall receive the first net proceeds (i.e., proceeds net of all costs and expenses related to such sale) from the sale of any of its Collateral to the extent of the principal amount of its Claim. To the extent permitted under applicable law, including the Bankruptcy Code, as determined by the Bankruptcy Court at the Confirmation Hearing, the holder of such Allowed Secured Claim shall receive the contractual non-default rate of interest on such Allowed Secured Claim semiannually in arrears based upon the amount of unpaid principal for such period and permitted costs thereon. Until each Secured Claim is paid in full, the holder of such Allowed Secured Claim shall retain the Liens securing such Allowed Secured Claim. Notwithstanding anything to the contrary herein, Post Effective Date L&H shall make full payment to each such secured creditor to the extent of its Allowed Secured Claim on or before December 31, 2004.

5.2.3 Class 3: Unsecured Claims.

(a) Treatment. Subject to Section 5.2.3(b) of the Plan, on the Effective Date or as soon as practicable thereafter, or if such Unsecured Claim becomes an Allowed Unsecured Claim after the Effective Date, as soon as practicable after such Unsecured Claim becomes an Allowed Unsecured Claim, and thereafter in full satisfaction, settlement, release of, and in exchange for such Allowed Class 3 Unsecured Claim, each holder of an Allowed Class 3 Unsecured Claim shall receive a Ratable Proportion of the Available Cash and ninety-three percent (93%) of the Litigation Trust Beneficial Interests (the "Allowed Unsecured Claim Trust Interests"); provided, however, that holders of Claims under the Belgian Revolving Credit Facility (which are classified under, and constitute a portion of, Class 3 Unsecured Claims) shall not be entitled to any Distributions that are the proceeds (either directly or derivatively) of

distributions made to L&H NV pursuant to the Dictaphone Plan on account of Intercompany Loan Agreement Claims assertable by L&H NV under the Dictaphone Plan; and provided, further, that as a condition to receiving the Distributions set forth in this Section 5.2.3 of the Plan, all holders of Claims under the Belgian Revolving Credit Facility shall be deemed to have waived any right to receive, and shall not receive, either directly or derivatively, any distributions that are made to L&H NV pursuant to the Dictaphone Plan on account of Intercompany Loan Agreement Claims. No interest shall be paid on any Class 3 Unsecured Claim.

(b) Limitations on Amount of Distributions to Holders of Allowed Unsecured Claims. Holders of Allowed Class 3 Unsecured Claims shall not receive any Distributions after they have received 100% repayment of the principal amount of their Allowed Class 3 Unsecured Claims. Any distributions by Dictaphone or Reorganized Dictaphone under the Dictaphone Plan, as the case may be, to the Lenders on account of the Dictaphone Guaranty shall be included in determining whether the Lenders have received 100% repayment of their claims relating to the Belgian Revolving Credit Facility. The Lenders, however, may assert the full amount of their Allowed Class 3 Unsecured Claims until such time as they have received 100% repayment of the principal amount of their Allowed Class 3 Unsecured claims under the Belgian Revolving Credit Facility (after taking into account distributions under the Plan and the Dictaphone Plan). After all holders of Allowed Class 3 Unsecured Claims have received 100% repayment of the principal amount of their Allowed Unsecured Claims, all further Distributions of Available Cash (hereinafter the "Excess Available Cash") and Litigation Trust Beneficial Interests shall be distributed to holders of Allowed Class 4 PIERS/Old Convertible Subordinated Notes Claims.

5.2.4 Class 4: PIERS/Old Convertible Subordinated Notes Claims. Subject to Section 5.2.3(b) of the Plan, on the Effective Date or as soon as practicable thereafter, or, as soon as practicable after such Claim becomes an Allowed PIERS/Old Convertible Subordinated Notes Claim if the date of allowance is later than the Effective Date, and thereafter, each holder of a PIERS/Old Convertible Subordinated Notes Claim shall receive, in full satisfaction, settlement, release of, and in exchange for such Allowed PIERS/Old Convertible Subordinated Notes Claim, a Ratable Proportion of both (i) the Excess Available Cash (if any) and (ii) seven-percent (7%) of the Litigation Trust Beneficial Interests. No interest shall be paid on any Class 4 PIERS/Old Convertible Subordinated Notes Claim.

5.2.5 Class 5: Common Stock. Holders of Allowed Common Stock Equity Interests shall receive no Distributions under the Plan on account of such Class 5 Common Stock.

5.2.6 Class 6: Securities Law Claims. Holders of Allowed Class 6 Securities Law Claims shall receive no Distributions under the Plan on account of such Class 6 Securities Law Claims.

5.2.7 Class 7: Other Equity Interests. A holder of any Equity Interest in L&H NV not otherwise classified in Classes 5 or 6 shall receive no Distributions under the Plan on account of such Class 7 Other Equity Interest.

## SECTION VI

### IMPAIRED AND UNIMPAIRED CLASSES OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN; ACCEPTANCE OR REJECTION OF THE PLAN

#### 6.1 Holders of Claims and Equity Interests Entitled to Vote.

(a) Each holder of an Allowed Claim, or the holder of a Claim that has been temporarily allowed for voting purposes only under Bankruptcy Rule 3018(a), in an impaired Class of Claims, shall be entitled to vote separately to accept or reject the Plan as provided in the Disclosure Statement Approval Order. Any unimpaired Class of Claims shall be deemed to have accepted the Plan. Any Class of Claims or Equity Interests that shall not receive or retain any property on account of such Claims or Equity Interests under the Plan shall be deemed to have rejected the Plan.

(b) Each of Classes 3 and 4 is impaired under the Plan, and the holders of Allowed Claims in such Classes are entitled to vote on the Plan. In accordance with section 1126(g) of the Bankruptcy Code, each of Classes 5, 6, and 7 is conclusively deemed to have rejected the Plan.

6.2 Acceptance by Unimpaired Classes. Each of Classes 1 and 2 is unimpaired under the Plan and each such Class is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

6.3 Elimination of Vacant Classes. Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily allowed under Bankruptcy Rule 3018 shall be deemed deleted from the Plan for purposes of voting on or rejection of the Plan, and for purposes of determining acceptance or rejection of the Plan by such Class under section 1129(a)(8) of the Bankruptcy Code.

6.4 Non-consensual Confirmation. The Committee shall request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code in view of the deemed rejection of the Plan by Classes 5, 6, and 7. In the event that any of Classes 3 and 4 fail to accept the Plan, the Committee reserves the right (i) to modify the Plan in accordance with Section 14.2 hereof and/or (ii) to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code notwithstanding such lack of acceptance by finding that the Plan provides fair and equitable treatment to, and does not discriminate unfairly against, any impaired Class of Claims and Equity Interests voting to reject the Plan.

6.5 Revocation of the Plan. Subject to Section 15.8 hereof, the Committee may revoke and withdraw the Plan at any time prior to entry of the Confirmation Order. If the Plan is so revoked or withdrawn, then it shall be deemed null and void.

## SECTION VII

### MEANS OF IMPLEMENTATION OF THE PLAN

7.1 Transactions on the Effective Date. On the Effective Date, the following shall occur (and shall be deemed to have occurred simultaneously):

- (a) the Litigation Trust Agreement shall become effective;
- (b) the Litigation Trust shall be formed and shall assume its obligations hereunder;
- (c) the Plan Administration Agreement shall become effective; and
- (d) the Equity Interests (including the Old Capital Stock) of L&H NV shall be extinguished as they relate to the Chapter 11 Assets.

In no event shall any of the foregoing events occur unless all of the foregoing events occur on the same Business Day.

7.2 Approval of Settlements. The entry of the Confirmation Order shall constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan, including, but not limited to, (i) the settlement of the Distribution allocations between the various Classes of creditors and (ii) the allocation of assets between the Belgian Case and the Chapter 11 Case, are (a) in the best interest of L&H NV and its Estate, (b) fair, equitable and reasonable, (c) made in good faith, and (d) approved by the Bankruptcy Court. Subject to obtaining the approval of the settlements reflected in this Plan by the Bankruptcy Court, on the Effective Date, Post Effective Date L&H shall take all actions necessary or reasonably required to effectuate the matters set forth in such settlements.

7.2.1 Periodic Distributions of Available Cash and Litigation Trust Beneficial Interests. Post Effective Date L&H shall make Distributions as provided under the Plan from the net proceeds it has obtained or obtains from the Transfers of the Chapter 11 Assets for a period of up to five (5) years after the Effective Date. To effect the foregoing, Post Effective Date L&H shall make Distributions of Cash, Available Cash, and Litigation Trust Beneficial Interests on account of any portion of, or in the full amount of Allowed Claims as soon as reasonably practicable after the Effective Date and, thereafter, on the first Business Day of each calendar semester (each such date, a "Semi-Annual Distribution Date"); provided, however, that, except with respect to the final Distribution, Post Effective Date L&H shall not make any such Distributions unless the amount of Available Cash is in excess of \$1,000,000. Such Distributions shall continue until Post Effective Date L&H has Transferred all of its assets and there is no additional Available Cash for Distributions under the Plan. To the extent that the Chapter 11 Assets consist of neither Cash nor Cash equivalents, Post Effective Date L&H shall endeavor to distribute such non-Cash consideration in such manner as to give effect to the distribution scheme contemplated under the Plan. Post Effective Date L&H shall have absolute discretion to pursue or not to pursue any and all claims, rights, defenses, or Causes of Action that

it retains pursuant to the Plan, as it determines in the exercise of its business judgment, and shall have no liability for the outcome of its decision.

7.3 Post Effective Date L&H. On the Effective Date, or as soon as reasonably practicable after the Effective Date, the Debtor shall Transfer all of the Chapter 11 Assets to Post Effective Date L&H. From and after the Effective Date, as set forth herein, the Plan Administrator, Post Effective Date L&H, the Litigation Trustee, and the Litigation Trust, as the case may be, shall perform their respective obligations under the Plan. The Plan shall be administered and actions shall be taken in the name of the Debtor and Post Effective Date L&H through, in accordance with the terms hereof, Post Effective Date L&H, the Plan Administrator, the Litigation Trustee, and/or the Litigation Trust, irrespective of whether the Debtor is dissolved. From and after the Effective Date, Post Effective Date L&H shall continue in existence for the purpose of:

- (a) administering the Plan and to take all steps and execute all instruments and documents necessary to effectuate the Plan;
- (b) selling or otherwise disposing of the Chapter 11 Assets and winding up affairs relating to the Chapter 11 Assets as expeditiously as reasonably possible;
- (c) taking any actions to liquidate, and maximize the value of, the Chapter 11 Assets;
- (d) assigning all Assigned Causes of Action, and all claims, interests, rights and privileges of L&H NV relating thereto to the Litigation Trust for enforcement, prosecution and settlement by the Litigation Trustee in accordance with the terms of this Plan and the Litigation Trust Agreement; provided, however, that Post Effective Date L&H shall retain an interest in the Assigned Causes of Action solely to assert a defense to a Claim or Equity Interest based upon such Assigned Causes of Action;
- (e) reconciling Claims and resolving Disputed Claims, and administering the Claims allowance and disallowance processes as set forth in the Plan, including objecting, prosecuting, litigating, reconciling, settling and resolving Claims and Disputed Claims in accordance with the Plan;
- (f) making decisions regarding the retention, engagement, payment and replacement of professionals, employees and consultants;
- (g) cooperating with the Litigation Trustee, the Litigation Trust, and the Litigation Monitoring Committee with regard to the pursuit of the Assigned Causes of Action;



- (h) in conjunction with Litigation Trustee, providing quarterly reports to the Litigation Monitoring Committee as to budgets, cash receipts and disbursements, asset sales or other dispositions, claims reconciliation, Litigation Proceeds and Distributions under the Plan;
- (i) administering the Distributions under the Plan, including (i) making Distributions in accordance with the terms of the Plan, (ii) establishing and maintaining the various Disputed Claims Reserves, and (iii) filing with the Bankruptcy Court semi-annual reports regarding the Distributions to be made to the holders of Allowed Claims;
- (j) exercising such other powers as necessary or prudent to carry out the provisions of the Plan;
- (k) investing any Cash in any reserves or pending distribution in accordance with reasonable business judgment for any such Entity;
- (l) filing appropriate tax returns; and
- (m) taking such other action as may be necessary or appropriate to effectuate this Plan.

Each of the Plan Administrator, Post Effective Date L&H, the Litigation Trust, and the Litigation Trustee may incur and pay any reasonable and necessary expenses in performing the foregoing functions, subject to the terms of the Plan. For purposes of exercising its powers, each of the Plan Administrator, Post Effective Date L&H, the Litigation Trustee and the Litigation Trust shall be deemed to be a representative of the Estate pursuant to section 1123(b)(3)(B) of the Bankruptcy Code.

#### 7.4 The Litigation Trust.

7.4.1 The Establishment of the Litigation Trust. The Litigation Trust shall be established as of the Effective Date. The Litigation Trustee shall be appointed on the Effective Date. The Litigation Trust will be established for the sole purpose of liquidating its assets, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business. Subject to definitive guidance from the Internal Revenue Service, all parties will treat the Litigation Trust as a liquidating trust for all federal income tax purposes.

7.4.2 Acquisition of Assigned Causes of Action. On the Effective Date, except as otherwise provided in the Plan, Post Effective Date L&H and the Debtor shall be deemed to have, and shall have, irrevocably assigned and transferred to the Litigation Trust all of their rights, title and interest in and to any and all of the Assigned Causes of Action and any proceeds thereof received by the Debtor or Post Effective Date L&H. Each of the Assigned Causes of Action, except as otherwise provided in the Plan, shall be free and clear of all Liens,

claims, encumbrances and other interests. Except as otherwise provided in the Plan, neither Post Effective Date L&H nor the Debtor shall have any further right, title or interest in any of the Assigned Causes of Action, and neither the Debtor nor Post Effective Date L&H shall be entitled to receive any portion of any amounts recovered on account of any of the Assigned Causes of Action. Subject to the Curators and the Litigation Trustee entering into an agreement, if necessary, preserving confidential information and all applicable privileges, the Litigation Trustee shall consult with and make information available to the Curators with respect to: (a) any Causes of Action of L&H NV against former directors, officers, administrators or administrators in fact of L&H NV, arising pursuant to Clause 530 of the "Wetboek Van Vennootschappen" (the Belgian Company Code) dated May 7, 1999; (b) any and all Causes of Action arising out of or relating to any criminal proceeding initiated against former directors, officers, administrators or administrators in fact of L&H NV, including but not limited to, Causes of Action for indemnification; and (c) any and all Causes of Action the enforcement, prosecution, litigation or settlement of which either must be initiated, or already have been initiated, outside of the jurisdiction of the courts of the United States.

**7.4.3 Establishment of Litigation Trust Beneficial Interest Registers.** The Litigation Trust shall maintain a register of the persons or entities granted Litigation Trust Beneficial Interests therein and shall be entitled to treat as the owner of any such interest for all purposes the person or entity in whose name the Litigation Trust Beneficial Interest is registered. Litigation Trust Beneficial Interests shall be uncertified.

**7.4.4 Litigation Trust Beneficial Interests Granted on Account of Disputed Claims.** Upon a Disputed Claim becoming an Allowed Claim, Post Effective Date L&H shall notify the Litigation Trust, and the holder of such Allowed Claim shall be granted the Litigation Trust Beneficial Interests reserved for such Claim.

**7.4.5 Limitations on Transferability of Litigation Trust Beneficial Interests.** No holder of a Litigation Trust Beneficial Interest shall be entitled to transfer such interest.

**7.4.6 Transfer of Causes of Action by Holders.** The irrevocable transfer of the Assigned Causes of Action to the Litigation Trust shall be treated as an irrevocable deemed transfer of such Assigned Causes of Action to the holders of Allowed Claims followed by an irrevocable deemed contribution of such Assigned Causes of Action by such holders of Allowed Claims to the Litigation Trust.

**7.4.7 Funding the Litigation Trust.** On the Effective Date, Post Effective Date L&H shall pay to the Litigation Trust the aggregate amount of \$1,000,000 for the establishment of a reserve to pay the fees, expenses and costs of the Litigation Trust and the Litigation Trustee (such reserve, the "Litigation Trust Reserve"). In addition, on the Effective Date, Post Effective Date L&H shall pay to the Litigation Trust the aggregate amount of \$100,000 for the establishment of a reserve to pay the fees, expenses and costs of the Litigation Monitoring Committee (such reserve, the "Litigation Monitoring Committee Reserve"). To the extent that the Litigation Trustee and the Litigation Monitoring Committee from time to time reasonably agree that the amounts of the Litigation Trust Reserve and/or the Litigation

Monitoring Committee Reserve are in excess of the amounts reasonably anticipated to be incurred by the Litigation Trust and the Litigation Trustee in the pursuit of their respective duties and obligations hereunder, such excess amounts shall be returned to the Plan Administrator and shall be treated as Available Cash for Distributions to holders of Allowed Claims. To the extent that the Litigation Monitoring Committee reasonably determines that the amount of the Litigation Trust Reserve is not sufficient for the Litigation Trustee to pursue its duties and obligations hereunder, the Litigation Monitoring Committee may request from Post-Effective Date L&H additional funding for the Litigation Trust Reserve, and the consent of Post-Effective Date L&H with respect to such request for additional funding for the Litigation Trust Reserve shall not be withheld unreasonably. Except as specifically set forth in the Plan and the Litigation Trust Agreement, Post Effective Date L&H shall have no obligation to the Litigation Trust or any holder of an interest therein other than its obligations to reasonably cooperate as a party to the Assigned Causes of Action assigned to the Litigation Trust and to fund the Litigation Trust and the Litigation Monitoring Committee Reserves. In addition, the Litigation Trustee may, with the written consent of the Litigation Monitoring Committee, borrow funds to finance the operations of the Litigation Trust, which borrowing(s) may include equity participation features.

**7.4.8 Application of Proceeds and Expenses.** Upon receipt of the proceeds of any Assigned Causes of Action assigned to the Litigation Trust, the Litigation Trustee shall determine whether to distribute such proceeds to holders of Litigation Trust Beneficial Interests. Prior to any Distribution, the Litigation Trustee shall apply such proceeds, net of amounts paid or deductions made by reason of set-off to the Litigation Trustee or by reason of reduction in judgment or reimbursement obligations of the Litigation Trustee, as follows: (i) first, after utilizing amounts in the Litigation Trust Reserve and the Litigation Monitoring Committee Reserve, to the payment of any associated taxes and unpaid administrative expenses of the Litigation Trust, the Litigation Trustee and the Litigation Monitoring Committee, (ii) second, pro rata to the payment of the reasonable unpaid fees and expenses incurred in employing professionals for the Litigation Trustee and the Litigation Monitoring Committee, and the compensation and expenses of the Litigation Trustee, (iii) third, to either the Litigation Trust Reserve or the Litigation Monitoring Committee Reserve for the reasonably anticipated amount of any future expenses and obligations to the extent the amounts in such reserves are insufficient and (iv) fourth, 23.3% of amounts remaining after the payment of items i-iii above shall be distributed to the Curators for the benefit of priority creditors in the Belgian Case, provided, however, that the aggregate amount of all such payments shall not exceed € 2 million (collectively, (i)-(iv), the "Litigation Administrative Costs"). Notwithstanding anything contained herein to the contrary, and for purposes of this Section 7.4.8 only, the conversion rate among United States Dollars (\$) and the Euro (€) shall be the spot conversion rate expressed in Dollars per Euro published at 10:00 a.m. (EST) by the Federal Reserve Bank of New York on the Effective Date.

**7.4.9 Distribution of Litigation Proceeds.** Subject to the limitations set forth in Section 7.4.10(b), any proceeds from the Assigned Causes of Action distributed by the Litigation Trustee, net of amounts paid or reductions made by reason of setoff and after payment or reserve in full of the Litigation Administrative Costs of the Litigation Trust (such net proceeds, the "Litigation Proceeds"), shall be distributed in accordance with Section 7.4.10 based on each holder's Ratable Proportion. Except as otherwise provided in this Section 7.4 of the

Plan, Distributions of the Litigation Proceeds shall be governed by Sections V and VIII of the Plan.

#### 7.4.10 Distribution by Litigation Trustee.

(a) Timing of Distributions. The Litigation Trustee, shall distribute the Litigation Proceeds at such times as the Litigation Trustee deems appropriate, but only after, pursuant to this Section 7.4 of the Plan, paying all outstanding Litigation Administrative Costs and reserving for any additional reasonable Litigation Administrative Costs that may be incurred thereafter.

(b) Maximum Recovery. Until all holders of Allowed Claims receive full payment of their Allowed Claims, the aggregate Distributions on account of any holder of an Allowed Claim shall not exceed 100% of the amount of such Allowed Claim (such amount, the "Maximum Recovery Amount"). Any Litigation Proceeds otherwise distributable to a holder of an Allowed Claim in excess of the Maximum Recovery Amount (the "Surplus Proceeds") shall be redistributed to holders holding the same class of Claims or, if all such holders have received 100% of the amount of such Allowed Claims, to holders of Allowed Claims in proportion to the allocation of Distributions between the various Classes of Claims against the Chapter 11 Assets as set forth in Section V of the Plan.

7.4.11 Litigation Reserve. The Litigation Trust shall withhold from the amounts to be distributed to holders of Litigation Trust Beneficial Interests amounts sufficient to be distributed on account of the Litigation Trust Beneficial Interests that may be granted to holders of Claims that are Disputed Claims as of the date of distribution of proceeds, and the Litigation Trust shall place such withheld proceeds in reserve (the "Litigation Reserve"). To the extent such Disputed Claims ultimately become Allowed Claims, and Litigation Trust Beneficial Interests are granted to the holders of such Claims in accordance with Section 7.4.4 of the Plan, payments with respect to such interest shall be made from the Litigation Reserve. The Litigation Trustee, in consultation with the Litigation Monitoring Committee, shall determine the amount to reserve in the Litigation Reserve based on the amount of Disputed Claims determined or estimated for the purposes of the Disputed Claims Reserve.

7.4.12 Distributions After Disallowance. If any proceeds remain in the Litigation Reserve after all objections to Disputed Claims have been resolved, such remaining amounts shall be distributed as soon as practicable in accordance with the provisions regarding the distribution of Litigation Proceeds to the holders of Litigation Trust Beneficial Interests.

7.4.13 Term. The term of the Litigation Trust shall commence on the Effective Date and shall continue until the fifth (5th) anniversary of such date, unless sooner terminated in accordance with the terms of the Litigation Trust Agreement; provided, however, that the term of the Litigation Trust may be extended for no more than five (5) successive periods of two years each in accordance with the provisions in the Litigation Trust Agreement.

7.4.14 Powers and Duties of the Litigation Trustee. As more fully described in the Litigation Trust Agreement, with respect to the Litigation Trust, the Litigation Trustee shall at all times act solely for the benefit of the holders of Litigation Trust Beneficial

Interests and shall not act for the benefit of or have any obligations to or on behalf of the Debtor or Post Effective Date L&H. In addition to those other powers and duties set forth in the Litigation Trust Agreement, the Litigation Trustee shall be empowered: (a) to take all steps and execute all instruments and documents necessary to effectuate the Litigation Trust, (b) to pay all Litigation Administrative Costs of the Litigation Trust, (c) to comply with the Plan and the Litigation Trust Agreement and the obligations thereunder, (d) to employ, retain or replace professionals to represent it with respect to its responsibilities, (e) to waive or enforce, to the fullest extent permitted by law, any existing client privilege of the Debtor, (f) to investigate any claims, rights, Assigned Causes of Action or other Causes of Action assigned to the Litigation Trust, (g) to prosecute, litigate, settle, adjust, retain, enforce or abandon any claims, rights, Assigned Causes of Action or other Causes of Action assigned to the Litigation Trust, including any counterclaims to the extent such counterclaims are setoff against the proceeds of any such Causes of Action, (h) to exercise such other powers as may be vested in the Litigation Trustee pursuant to an order of the Bankruptcy Court or the Litigation Trust Agreement, or as deemed by the Litigation Trustee to be necessary and proper to carry out the provisions of the Litigation Trust, and (i) to make distributions contemplated by the Litigation Trust to holders of Litigation Trust Beneficial Interests. Subject to the terms of Section 7.4.15 of the Plan, and to the requirement to consult with the Litigation Monitoring Committee, the Litigation Trustee shall have sole and absolute discretion to hold, pursue, prosecute, release, settle or abandon, as the case may be, any and all claims, rights, Assigned Causes of Action or other Causes of Action assigned to the Litigation Trust pursuant to this Plan, as it determines in the exercise of its business judgment, and shall have no liability for the outcome of its decisions. For purposes of exercising its powers, each of the Litigation Trustee and the Litigation Trust shall be deemed to be a representative of the Debtor pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. To the extent that the Litigation Trustee abandons any Assigned Causes of Action, such Assigned Causes of Action shall revert and be deemed to be held by Post Effective Date L&H without any further act of the Bankruptcy Court or any other party.

**7.4.15 Authority to Settle Causes of Action.** With respect to any claims, rights, Assigned Causes of Action, or other Causes of Action assigned to the Litigation Trust in which the asserted amount is equal to or less than \$200,000, the Litigation Trustee shall be empowered and authorized, without approval of the Bankruptcy Court or notice to any other Person, to settle, adjust, dispose of or abandon any such claims, rights, Assigned Causes of Action or other Causes of Action assigned to the Litigation Trust, including any counterclaims to the extent such counterclaims are setoff against the proceeds of any such Causes of Action, upon written notice to the Litigation Monitoring Committee. If the Litigation Monitoring Committee disputes the reasonableness of the proposed settlement, disposition or abandonment, on or prior to the conclusion of ten (10) Business Days after the Litigation Monitoring Committee receives written notice of a proposed settlement, disposition or abandonment, or any extension thereof agreed upon between the Litigation Trustee and the Litigation Monitoring Committee, the Litigation Monitoring Committee can submit to the Bankruptcy Court for resolution the reasonableness of the Litigation Trustee's proposed settlement, disposition or abandonment. With respect to any claims, rights, Assigned Causes of Action, or other Causes of Action assigned to the Litigation Trust, in which the asserted amount is greater than \$200,000, the Litigation Trustee shall (i) obtain the written consent of the Litigation Monitoring Committee and (ii) obtain approval of the Bankruptcy Court to settle, adjust, dispose of or abandon any such

claims, rights, Assigned Causes of Action or other Causes of Action in accordance with Bankruptcy Rule 9019.

7.4.16 Compensation of the Litigation Trustee. The Litigation Trustee shall receive compensation for services to the Litigation Trust as agreed upon by the (a) Litigation Trustee and (b) the Litigation Monitoring Committee, for its services and shall be entitled to reimbursement of reasonable expenses incurred in performing its duties hereunder out of the assets of the Litigation Trust, as more fully set forth in the Litigation Trust Agreement or in a separate agreement setting forth the terms and conditions of the provision of such services by the Litigation Trustee.

7.4.17 Indemnification and Exculpation of the Litigation Trustee and Litigation Monitoring Committee.

(a) From and after the Effective Date, the Litigation Trustee and members of the Litigation Monitoring Committee, and each of their respective post-Effective Date directors, members, officers, shall be exculpated and indemnified as provided in the Litigation Trust Agreement.

(b) Except as may otherwise be provided in the Litigation Trust Agreement, both Litigation Trustee and the Litigation Monitoring Committee, and each of their post-Effective Date directors, members, officers, employees, agents and attorneys, as the case may be, from and after the Effective Date, is hereby exculpated by all Persons, holders of Claims and Equity Interests, Entities, and parties in interest receiving Distributions under the Plan, from any and all claims, causes of action, and other assertions of liability arising out of its discharge of the powers and duties conferred upon it by the Plan, the Litigation Trust Agreement, or any order of the Bankruptcy Court entered pursuant to or in furtherance of the Plan, or applicable law, except solely for actions or omissions arising out of its gross negligence, willful misconduct or breach of its fiduciary duties. No holder of a Claim or an Equity Interest, or representative thereof, shall have or pursue any claim or cause of action (a) against the Litigation Trustee or the Litigation Monitoring Committee (or their respective directors, members, officers, employees, agents and attorneys, as the case may be) for Distributions made in accordance with the Plan, or for implementing the provisions of the Plan, or (b) against any holder of a Claim for receiving or retaining payments or other Distributions as provided for by the Plan.

(c) Both the Litigation Trustee and the Litigation Monitoring Committee shall not be liable for any action taken or omitted in good faith and reasonably believed by it to be authorized within the discretion or rights or powers conferred upon it by the Plan or the Litigation Trust Agreement. In performing its duties under the Plan and the Litigation Trust Agreement hereunder, each of the Litigation Trustee and the Litigation Monitoring Committee shall have no liability for any action taken by the Litigation Trustee and the Litigation Monitoring Committee in good faith in accordance with the advice of counsel, accountants, appraisers and other professionals retained by it, Post Effective Date L&H, or the Litigation Trust. Without limiting the generality of the foregoing, the Litigation Trustee and the Litigation Monitoring Committee may rely without independent investigation on copies of orders of the Bankruptcy Court reasonably believed by it to be genuine, and shall have no liability for actions

taken in good faith in reliance thereon. None of the provisions of the Plan shall require the Litigation Trustee or the Litigation Monitoring Committee to expend or risk their own funds or otherwise incur personal financial liability in the performance of any of their duties hereunder or in the exercise of any of its rights and powers. Each of the Litigation Trustee and the Litigation Monitoring Committee may rely without inquiry upon writings delivered to it hereunder which it reasonably believes in good faith to be genuine and to have been given by a proper Person.

#### 7.4.18 Monitoring of Litigation Trust.

(a) Appointment; Responsibilities. On or prior to the Confirmation Date, the Committee shall select three (3) Persons or Entities to serve as representatives of the Litigation Trust, (collectively, the "Litigation Monitoring Committee"). A list setting forth the identities of the members of the Litigation Monitoring Committee, to the extent available, shall be filed as part of the Plan Supplement, or otherwise, in a submission to this Bankruptcy Court on or prior to the Effective Date. The Litigation Monitoring Committee shall monitor and review settlement, abandonment and other disposition proposals proposed to or agreed to by the Litigation Trustee with respect to the Assigned Causes of Action and to consult with the Litigation Trustee regarding the settlement, abandonment, disposition and prosecution of such Causes of Action. The Litigation Monitoring Committee shall, to the extent it deems necessary, retain counsel to assist it.

(b) Quorum; Meetings; Votes. A quorum for the Litigation Monitoring Committee shall consist of a majority of the then existing members of the Litigation Monitoring Committee. No meeting of the Litigation Monitoring Committee shall be held unless a quorum is present at the beginning of any meeting. Any member of the Litigation Monitoring Committee may call for a meeting to be convened upon notice of such meeting being given at least two (2) Business Days prior to the proposed date of the meeting, which notice may be given by telephone, overnight mail, or facsimile transmission, to each of the other members of the Litigation Monitoring Committee. Meetings shall be held in person or by telephone conference call. Any action by the Litigation Monitoring Committee shall require the affirmative vote of a majority of those voting provided that a quorum is present at the time of the vote.

(c) Resignations; Successor Members. Any Entity may resign as a member of the Litigation Monitoring Committee at any time. In the event that any Entity resigns as a member of the Litigation Monitoring Committee, the remaining members of the Litigation Monitoring Committee shall select a replacement for such Entity; provided, however, that any such replacement must hold Litigation Trust Beneficial Interests.

(d) Removal of Litigation Trustee. Upon a unanimous determination by the members of the Litigation Monitoring Committee, the Litigation Trustee may be removed by the Litigation Monitoring Committee without any necessity for any showing of cause. In addition, (a) a majority vote of the Litigation Monitoring Committee and (b) a vote among twenty-five percent (25%) of the beneficiaries of the Litigation Trust can seek to have the Litigation Trustee removed for cause. To the extent there is any dispute regarding the removal of a Litigation Trustee, the Bankruptcy Court shall retain jurisdiction to consider and adjudicate any such dispute and may remove a Litigation Trustee for cause.

7.4.19 Discretion Afforded to Litigation Monitoring Committee to Modify Terms of Compensation of Litigation Trustee. Notwithstanding anything to the contrary in the Plan, the Litigation Monitoring Committee may, with the unanimous consent of each of the members of the Litigation Monitoring Committee, and without application to or approval by the Bankruptcy Court, subject to the consent of the Litigation Trustee, modify the Litigation Trustee's compensation and other terms regarding the retention of the Litigation Trustee.

7.5 Cancellation of Equity Interests. Except to the extent specifically provided otherwise in the Plan, on the Effective Date, all existing Equity Interests shall, without any further action, be cancelled, annulled and extinguished and any certificates representing such Equity Interests shall be null and void with respect to the Chapter 11 Assets.

7.6 Operations of L&H NV Between Confirmation and the Effective Date. L&H NV shall continue to operate as a Debtor In Possession during the period from the Confirmation Date through and until the Effective Date.

7.7 Closing of Chapter 11 Case. When all Disputed Claims filed against the Chapter 11 Assets become Allowed Claims or have become a Disallowed Claim, and all remaining assets have been liquidated and converted into Cash, and such Cash has been distributed in accordance with the terms of this Plan, or at such earlier time as the Plan Administrator deems appropriate, the Plan Administrator shall seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

7.8 Exclusivity Period. Subject to further order of the Bankruptcy Court, the Committee shall retain the exclusive right to amend the Plan and solicit acceptances thereof until the Effective Date (or until the earliest date on which the Effective Date can no longer occur pursuant to Section 11.4 of the Plan).

7.9 Revesting of Assets. The Chapter 11 Assets shall vest in Post Effective Date L&H on the Effective Date. From and after the Effective Date, Post Effective Date L&H may use, acquire, and dispose of property free of any restrictions imposed under the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all of the Chapter 11 Assets and Post Effective Date L&H shall be free and clear of all Claims, Liens and interests, except as specifically provided in the Plan or in the Confirmation Order. Without limiting the foregoing, Post Effective Date L&H may, without application to or approval by the Bankruptcy Court, pay Professional Fees and expenses that Post Effective Date L&H may incur after the Effective Date.

7.10 Committee. The Committee (a) shall cease to exist on the Effective Date, provided that the Committee shall retain standing to appear at any hearing regarding the allowance of Professional Fees, (b) as appropriate, may interpose objections to such Professional Fees, and (c) shall be entitled to obtain reimbursement for the reasonable fees and expenses of its professionals relating to the foregoing.

7.11 Effectuating Documents; Further Transactions. Post Effective Date L&H shall be, and hereby is, authorized to execute, deliver, file, and record such contracts,



instruments, releases, indentures, certificates, and other agreements or documents, and take such other actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

7.12 Assumptions of Liabilities. The liabilities and obligations to make the Distributions as required under Sections III, IV and V of the Plan shall be assumed by Post Effective Date L&H, which shall have the liability for, and obligation to make, all Distributions of Cash, Available Cash, the Litigation Trust Beneficial Interests, or any other consideration or securities to be issued or distributed by Post Effective Date L&H under the Plan.

7.13 Substantial Consummation. Substantial consummation of the Plan under section 1101(2) of the Bankruptcy Code shall not be deemed to occur, the Chapter 11 Case shall remain open and not be deemed fully administered, and no final decree closing the Chapter 11 Case shall be entered pursuant to section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022, until the Effective Date.

7.14 Preservation of Certain Causes of Action. Except as otherwise provided in the Plan, including in Section 13.1 and Section 13.2 of the Plan, in accordance with section 1123(b) of the Bankruptcy Code, Post Effective Date L&H, as successor-in-interest to the Debtor, shall retain and may enforce all of the Debtor's claims, rights, and Causes of Action that are the property of the Estate (including Avoidance Actions (except to the extent such Avoidance Actions constitute Assigned Causes of Action or except as provided under Section 13.1 and Section 13.2 of the Plan)), and Post Effective Date L&H shall retain and enforce all defenses and counterclaims to all Claims asserted against the Chapter 11 Assets, including, but not limited to, setoff, recoupment, and any rights under section 502(d) of the Bankruptcy Code. Post Effective Date L&H may pursue such claims, rights, Causes of Action, counterclaims, and defenses, as appropriate, in accordance with its best interests, as determined by Post Effective Date L&H.

7.15 Cancellation of Existing Securities. On the Effective Date, except as otherwise provided for herein, (i) all securities, equity interests, notes, bonds, indentures, and other instruments or documents evidencing or creating any indebtedness, Equity Interest or obligation of L&H NV shall be as against the Estate and its respective successors extinguished and canceled, and (ii) the obligations of L&H NV under any agreements, indentures, or certificates of designation governing any securities, equity interests, notes, bonds, indentures, and other instruments or documents evidencing or creating any indebtedness, Equity Interest or obligation of the Debtor relating to the Chapter 11 Assets, as the case may be, shall be discharged. Notwithstanding anything to the contrary set forth herein, the extinguishment or cancellation of notes, bonds, or indentures shall not alter, impair, or affect any rights of holders of notes or bonds to receive any and all distributions in accordance with the terms of the Plan, or any rights of the PIERS Indenture Trustee or the Old Convertible Subordinated Notes Indenture Trustee to receive any amounts due and payable under the terms of the Plan, including, but not limited to, Indenture Trustees' Fees, all of which shall survive confirmation of the Plan.

7.16 Appointment of Scott L. Baena to Administer Plan. On the Effective Date, Scott L. Baena shall be appointed to serve as the sole officer and director of Post Effective Date L&H pursuant to the Plan Administration Agreement. Sufficient funds shall be retained by

Post Effective Date L&H through the Final Distribution Date to fund the retention of Scott L. Baena and the performance of the duties of Scott L. Baena and Post Effective Date L&H under the Plan. Scott L. Baena shall be exclusively responsible for making all Distributions of Cash and Litigation Trust Beneficial Interests under the Plan.

7.16.1 Distributions Under Plan. On the Effective Date or as soon as practicable thereafter, or on such later date that Distributions are required to be made on account of Allowed Claims, Post Effective Date L&H shall make, or shall make adequate reserve for, the Distributions required to be made to all holders of Claims (whether or not Allowed) under the Plan. Cash necessary to make the Distributions required under the Plan shall be provided from all excess Cash of Post Effective Date L&H (if any), or any other source. All Distributions reserved pursuant to this Section shall be held by Post Effective Date L&H, for the benefit of the holders of Claims entitled to receive such Distributions. The Plan Administrator shall place Cash Distributions reserved under the Plan in one or more interest bearing accounts in the United States, as the Plan Administrator determines may be necessary or appropriate to effectuate the provisions of the Plan, and such Cash shall be distributed to holders of Allowed Claims under the Plan.

7.16.2 Plan Administrator's Obligations Under Plan. From and after the Effective Date, the Plan shall be administered and actions shall be taken in the name of Post Effective Date L&H through, in accordance with the terms hereof, the terms of the Plan Administration Agreement and the laws of the United States, the Plan Administrator, including, but not limited to, (a) administering the Plan and taking all steps and executing all instruments and documents necessary to effectuate the Plan and (b) administering the Distributions under the Plan, including (i) making Distributions in accordance with the terms of the Plan and (ii) establishing and maintaining the various Disputed Claims Reserves.

7.17 Securities Law Matters. It is an integral and essential element of this Plan that (a) the Distribution to holders of Allowed Claims of the Litigation Trust Beneficial Interests pursuant to this Plan, (b) the distribution of the common stock of Reorganized Dictaphone distributed previously to L&H NV pursuant to the terms of the Dictaphone Plan and transferred to Post Effective Date L&H pursuant to the terms of this Plan, and (c) the liquidation, sale, Transfer or disposition of such common stock of Reorganized Dictaphone shall be exempt from registration under the Securities Act of 1933, as amended, pursuant to section 1145 of the Bankruptcy Code. Any such securities issued to an "affiliate" of the Debtor within the meaning of the Securities Act of 1933, or any Person that Post Effective Date L&H reasonably determines to be an "underwriter," and which does not agree to resell such securities only in "ordinary trading transactions," within the meaning of section 1145(b)(1) of the Bankruptcy Code, shall be subject to such transfer restrictions and bear such legends as shall be appropriate to ensure compliance with the Securities Act of 1933. It also is an integral and essential element of the Plan that Rule 144 under the Securities Act of 1933 be available to any such "affiliate" that is not otherwise such an "underwriter" for purposes of permitting re-sales of such securities. In accordance with the Dictaphone Plan, solely for purposes of section 1145 of the Bankruptcy Code, Reorganized Dictaphone shall not be determined to be a "successor" of L&H NV.

## SECTION VIII

### DISTRIBUTIONS UNDER THE PLAN

8.1 Timing of Distributions. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

8.2 Delivery of Distributions. Subject to Bankruptcy Rule 9010, and except as otherwise provided herein, Distributions to holders of Allowed Claims shall be made at the address of each of such holders as set forth in the Schedules filed with the Bankruptcy Court unless superseded by the address set forth on proofs of Claim filed by such holders (or at the last known address of such holders if no proof of Claim is filed, or if Post Effective Date L&H has been notified in writing of a change of address). If any Distribution to any holder of an Allowed Unsecured Claim is returned as undeliverable, no Distribution shall be made unless and until Post Effective Date L&H has determined the then-current address of such holder, at which time such Distribution to such holder shall be made to such holder without interest. Amounts in respect of any undeliverable Distributions made through Post Effective Date L&H shall be returned to and held by Post Effective Date L&H until such Distributions are claimed. Cash and other Distributions that are not claimed before the earlier of one year from the date of the Distribution or the date that the Chapter 11 Case is closed shall (a) be deemed unclaimed property under section 347(b) of the Bankruptcy Code, (b) shall revert in Post Effective Date L&H (and, shall be subject to redistribution, as appropriate, in accordance with the provisions of Section V of the Plan) and (c) shall be forever barred. Nothing contained in the Plan shall require Post Effective Date L&H to attempt to locate any holder of an Allowed Claim.

#### 8.3 Record Date.

8.3.1 Equity Interests. At the close of business on the Record Date, the consolidated stockholders list or transfer ledger for the Equity Interests shall be closed, and there shall be no further changes in the record holders of the Equity Interests. Post Effective Date L&H, its agents and servicers shall have no obligation to recognize any transfer of such Equity Interests occurring after the Record Date. Post Effective Date L&H, its agents and its servicers shall be entitled instead to recognize and deal for all purposes hereunder with only (a) those record holders stated on the consolidated stockholders list or transfer ledger as of the close of business on the Record Date and (b) holders of Equity Interests domiciled outside of the United States who do not appear on the consolidated stockholders' list or transfer ledger and who held such Equity Interests as of the Record Date.

8.3.2 Record Date for Holders of Claims. Except as otherwise provided in a Final Order that is not subject to any stay, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Record Date shall be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Record Date.

8.4 Time Bar to Cash Payments by Check. Checks issued by Post Effective Date L&H on account of Allowed Claims shall be null and void if not negotiated prior to the earlier of one year from the date of such check or the closing of the Chapter 11 Case. Requests for re-issuance of any check shall be made in writing directly to Post Effective Date L&H by the holder of the Allowed Claim with respect to which such check originally was issued on or before the closing of the Chapter 11 Case. After such dates, all Claims in respect of void checks shall be forever barred, and the proceeds of such checks shall revert in and become the property of Post Effective Date L&H and subject to redistribution, as appropriate, in accordance with the provisions of Section V of the Plan.

8.5 Disputed Claims Reserves. On the Effective Date or such later date that Distributions are required to be made on account of Allowed Claims, and after making all Distributions required to be made on any such date under the Plan, Post Effective Date L&H shall establish a separate Disputed Claims Reserve for each of the Classes receiving Distributions under the Plan, each of which Disputed Claims Reserves shall be administered by Post Effective Date L&H. Post Effective Date L&H shall reserve the Ratable Proportion of all Cash, Available Cash, or other Distributions allocated for each Disputed Claim, or such amount as may be agreed by the holder of such Claim and Post Effective Date L&H liable on such Claim, or as may otherwise be determined by order of the Bankruptcy Court. All Cash, Available Cash, or other Distributions, as applicable, allocable to the relevant Class hereunder shall be distributed by Post Effective Date L&H to the Disputed Claims Reserve on the Effective Date or such later date that Distributions are required to be made on account of Allowed Claims. The Disputed Claims Reserve shall be closed and extinguished by Post Effective Date L&H upon its determination that all Distributions and other dispositions of Cash, Available Cash, or other Distributions required to be made under the Plan have been made in accordance with the terms of the Plan. Upon closure of a Disputed Claims Reserve, all Cash and Available Cash (including any Cash Investment Yield and any Cash dividends and other Distributions held in such Disputed Claims Reserve) shall be subject to redistribution, as appropriate, in accordance with the provisions of Section V of the Plan.

8.6 Tax Requirements for Income Generated by Disputed Claims Reserves. Post Effective Date L&H shall pay, or cause to be paid, out of the funds held in any of its Disputed Claims Reserves, any tax imposed by any federal, state or local taxing authority on the income generated by the funds or property held in such Disputed Claims Reserve. Post Effective Date L&H shall file, or cause to be filed, any tax or information return related to its Disputed Claims Reserves that is required by any federal, state or local taxing authority.

8.7 Untimely Claims. Except as otherwise expressly provided in this Plan, any Claim not deemed filed pursuant to section 1111(a) of the Bankruptcy Code or timely filed pursuant to the Bankruptcy Code, the Bankruptcy Rules, or any applicable order of the Bankruptcy Court, shall (a) not be treated as an Allowed Claim, and (b) be expunged from the Claims register in the Chapter 11 Case without need for any further notice, motion, or order.

8.8 Estimation of Claims. Post Effective Date L&H may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated administrative expense claim or Claim, including any Belgian Claim or Claim for taxes, to the extent permitted by section

502(c) of the Bankruptcy Code regardless of whether L&H NV, the Committee or Post Effective Date L&H have previously objected to such claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any claim at any time during litigation concerning any objection to any claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated claim, that estimated amount shall constitute either the Allowed amount of such claim or a maximum limitation on such claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such claim, Post Effective Date L&H may elect to pursue supplemental proceedings to object to any ultimate allowance of such claim. All of the aforementioned claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

8.9 Distributions After Effective Date. Distributions made after the Effective Date shall be deemed to have been made on the Effective Date.

8.10 Fractional Shares. Notwithstanding any other provision of the Plan to the contrary, no fractional shares shall be issued pursuant to the Plan. Whenever any payment of a fraction of a share under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole share (up or down), with half shares or more being rounded up and fractions less than half of a share being rounded down.

8.11 Fractional Cents. Notwithstanding any other provision of the Plan to the contrary, no payment of fractional cents shall be made pursuant to the Plan. Whenever any payment of a fraction of a cent under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole penny (up or down), with half cents or more being rounded up and fractions less than half of a cent being rounded down.

8.12 Minimum Distributions. Notwithstanding anything herein to the contrary, if a Distribution to be made to a holder of an Allowed Claim on any date for Distributions (other than the final Distribution Date) would be \$50.00 or less in the aggregate, no such Distribution will be made to that holder unless a request therefor is made in writing to Post Effective Date L&H no later than twenty (20) days after the Effective Date.

8.13 Interest on Claims. Except as specifically provided for in the Plan or the Confirmation Order, interest shall not accrue on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. Except as expressly provided herein, no pre-petition Claim shall be Allowed to the extent that it is for post-petition interest or other similar charges.

8.14 No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall receive in respect of such Claim any Distribution in excess of the Allowed Amount of such Claim.

8.15 Setoffs. Except as otherwise provided in the Plan, Post Effective Date L&H may, but shall not be required to, setoff against any Claim and the Distributions to be made pursuant to the Plan in respect of such Claim, any Claims of any nature whatsoever that the Debtor may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by L&H NV or Post Effective Date L&H of any right of setoff any of them may have against the holder of such Claim.

8.16 Payment of Taxes on Distributions Received Pursuant to Plan. All Persons and Entities that receive Distributions under the Plan shall be responsible for reporting and paying, as applicable, taxes on account of such Distributions.

8.17 Allocation of Distributions. Post Effective Date L&H intends first to allocate any and all Distributions made with respect to the Claims as a repayment of principal, with the excess, if any, thereafter being allocated as a repayment of accrued but unpaid interest.

## SECTION IX

### DISPUTED CLAIMS UNDER THE PLAN

9.1 Objection Deadline. As soon as practicable, but in no event later than one-hundred eighty (180) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court, objections to Claims and Equity Interests shall be filed with the Bankruptcy Court and served upon the holders of each such Claim or Equity Interest to which objections are made.

9.2 Prosecution of Objections after Effective Date. On and after the Effective Date, except as to applications for allowances of Professional Fees or as otherwise ordered by the Bankruptcy Court, the filing, litigation, settlement, or withdrawal of all objections to Claims and Equity Interests, including pending objections, shall be the responsibility of Post Effective Date L&H. Any Claim, other than a Claim for Professional Fees, which is not an Allowed Claim shall be determined, resolved, or litigated by Post Effective Date L&H by and through the Plan Administrator. Prior to the Effective Date, the filing, litigation, settlement, or withdrawal of all objections shall be the responsibility of the Debtor.

9.3 No Distributions Pending Allowance. Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or Distribution provided hereunder shall be made on account of the portion of such Claim that is a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim, but the payment or Distribution provided hereunder shall be made on account of the portion of such Claim that is an Allowed Claim.

9.4 Withholding of Allocated Distributions. Post Effective Date L&H shall withhold from the property to be distributed under the Plan for the benefit of holders of Disputed Claims Distributions in an amount sufficient to be distributed on account of such Disputed Claims, which Distributions shall be deposited in the applicable Disputed Claims Reserve.

9.5 Distribution When a Disputed Claim Becomes an Allowed Claim. Distributions to each holder of a Disputed Claim, to the extent that such Claim ultimately becomes an Allowed Claim (and to the extent that the holder of such Claim has not received prior Distributions on account of such Claim), shall be made in accordance with the provisions of the Plan governing the Class of Claims in which such Claim is classified.

## SECTION X

### EXECUTORY CONTRACTS AND UNEXPIRED LEASES UNDER THE PLAN

10.1 All Executory Contracts and Unexpired Leases Rejected if Not Listed on Assumption Schedule. Except as otherwise provided herein or pursuant to a Final Order approving the assumption and assignment of any executory contract or unexpired lease, effective as of the Confirmation Date, all executory contracts and unexpired leases of the Estate not specifically listed on the Assumption And Assignment Schedule shall be deemed to be automatically rejected as of the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections pursuant to section 365(a) of the Bankruptcy Code as of the Confirmation Date.

**10.2 Assumed Executory Contracts and Unexpired Leases.** All executory contracts and unexpired leases of the Estate specifically listed on the Assumption And Assignment Schedule shall be deemed automatically assumed and assigned to the party set forth in such list upon the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such assumptions and assignments pursuant to section 365(a) of the Bankruptcy Code. The Committee may at any time on or before the Confirmation Date (or, with respect to any executory contracts and unexpired leases for which there is a dispute regarding the nature or the amount of any Cure, at any time on or before the date of the entry of a Final Order resolving such dispute) amend the Assumption And Assignment Schedule to delete therefrom or add thereto any executory contract or unexpired lease, in which event such executory contract or unexpired lease shall be deemed to be rejected or assumed, respectively, as of the Confirmation Date. The Committee shall provide notice of any amendments to the Assumption And Assignment Schedule to the parties to the executory contracts or unexpired leases affected thereby, counsel to the Debtor, and to parties who formally have requested notice pursuant to Bankruptcy Rule 2002. The fact that any contract or lease is listed on the Assumption And Assignment Schedule shall not constitute or be construed to constitute an admission that such contract or lease is an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code or that the Debtor or any successor in interest to the Debtor has any liability thereunder. Each assumed and assigned executory contract and unexpired lease of the Debtor that relates to the use or occupancy of real property shall include (a) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease and (b) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vaults, tunnel or bridge agreements, or franchises, and any other interests in real estate or rights in rem related to such premises, unless any of the foregoing agreements has been rejected pursuant to a Final Order.

**10.3 Payments Related to Assumption of Executory Contracts and Unexpired Leases.** Any monetary amounts by which each executory contract and unexpired lease to be assumed and assigned under the Plan may be in default shall be satisfied by Cure, under section 365(b)(1) of the Bankruptcy Code. In the event of a dispute regarding (a) the nature or the amount of any Cure, (b) the ability of the assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order resolving the dispute.

**10.4 Bar Date for Rejection Damages.** If the rejection by the Debtor, pursuant to the Plan, of an executory contract or unexpired lease results in a Claim or Administrative Expense Claim, then such Claim or Administrative Expense Claim shall be discharged and barred forever and shall not be enforceable against L&H NV, Post Effective Date L&H or the Chapter 11 Assets, unless a proof of Claim or proof of Administrative Expense Claim is filed with the clerk of the Bankruptcy Court and served upon Post Effective Date L&H within thirty (30) days after the earlier to occur of (a) the Confirmation Date and (b) the entry of an order by the Bankruptcy Court authorizing rejection of the subject executory contract or unexpired lease.



10.5 Retiree Benefits. L&H NV has no retiree benefit plans, fund, or programs, as defined in section 1114 of the Bankruptcy Code, for the purpose of providing or reimbursing payments for retired employees and their spouses and dependents for medical, surgical, or hospital care benefits, or benefits in the event of sickness, accident, disability, or death under any plan, fund or program (through the purchase of insurance or otherwise). Accordingly, no payments relating to such retiree benefit plans, fund, or programs shall be made.

## SECTION XI

### CONDITIONS PRECEDENT TO THE CONFIRMATION DATE AND THE EFFECTIVE DATE

11.1 Conditions Precedent to the Confirmation of Plan. The following are conditions precedent to confirmation of the Plan that must be satisfied, unless waived in accordance with Section 11.3 of the Plan:

(a) Entry of the Confirmation Order. The Confirmation Order shall be in form and substance acceptable to the Committee and shall, among other things:

(i) decree that the assets of Post Effective Date L&H shall be free and clear of all Claims, Liens and encumbrances;

(ii) decree that all transfers of the Chapter 11 Assets contemplated under the Plan shall be free and clear of all Claims, Liens and all encumbrances against such assets and equity;

(iii) authorize the implementation of the Plan in accordance with its terms;

(iv) provide that any transfers effected or mortgages entered into or to be effected or entered into under the Plan shall be and are exempt from any state, city or other municipality transfer taxes, mortgage recording taxes and any other stamp or similar tax under section 1146(c) of the Bankruptcy Code;

(v) approve the other settlements, transactions and agreements to be effected pursuant to the Plan in all respects;

(vi) authorize the transfer of \$14,850,000 in Cash to the Curators for administration in the Belgian Case and for the benefit of Belgian Priority Claims in accordance with the terms of the Plan;

(vii) provide that all executory contracts or unexpired leases assumed by L&H NV and assigned during the Chapter 11 Case or under the Plan shall remain in full force and effect notwithstanding any provision in such contract or lease (including those provisions described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits such

assignment or transfer or that enables or requires termination of such contract or lease;

(viii) provide that all executory contracts or unexpired leases assumed by L&H NV during the Chapter 11 Case or under the Plan shall remain in full force and effect for the benefit of Post Effective Date L&H;

(ix) provide that the transfers of the Chapter 11 Assets to Post Effective Date L&H (A) are or shall be legal, valid, and effective transfers of property, (B) vest or shall vest Post Effective Date L&H with good title to such property free and clear of all Liens, Claims, encumbrances, and other interests, except as expressly provided in the Plan or Confirmation Order, (C) do not and shall not constitute avoidable transfers under the Bankruptcy Code or under applicable bankruptcy or non-bankruptcy law, and (D) except as expressly provided in the Plan, do not and shall not subject Post Effective Date L&H to any liability by reason of such transfer under the Bankruptcy Code or under applicable non-bankruptcy law, including, without limitation, any laws affecting successor or transferee liability;

(x) determine that any objection, not previously withdrawn or settled, to the adequacy of the information contained in the Disclosure Statement is overruled, and that the information contained in the Disclosure Statement was adequate for the purpose of soliciting votes for acceptance of the Plan;

(xi) find that the Plan complies with all applicable provisions of the Bankruptcy Code, including, without limitation, that the Plan was proposed in good faith and that the Confirmation Order was not procured by fraud;

(xii) except as expressly provided in the Plan, provide that all Equity Interests shall be extinguished and cancelled effective upon the Effective Date with respect to the Chapter 11 Assets;

(xiii) determine that the treatment of Securities Laws Claims as provided in the Plan is approved and authorized in all respects, effective as of the Effective Date, and that such treatment is valid, appropriate and in the best interests of the Estates;

(xiv) decree that, in accordance with section 508(a) of the Bankruptcy Code, any creditor that receives any consideration on behalf of a claim in the Belgian Case shall be prohibited from receiving a Distribution on such claim until all other creditors with claims of equal priority receive a Distribution equal in value to the consideration received by such creditor in the Belgian Case; and

(xv) determine that the allocation of L&H NV's assets between the Chapter 11 Case and the Belgian Case is fair, reasonable, approved, appropriate and in the best interests of the Estate.

(b) Finality of Disclosure Statement Approval Order. The Disclosure Statement Approval Order shall have been entered and be a Final Order.

11.2 Conditions Precedent to the Effective Date of the Plan. The Plan shall not become effective and the Effective Date shall not occur unless and until the following conditions shall have been satisfied or waived in accordance with Section 11.3 of the Plan:

11.2.1 Confirmation Order. The Confirmation Date shall have occurred and the Confirmation Order shall have been signed by the judge presiding over the Chapter 11 Case, and shall have become a Final Order.

11.2.2 Conditions to the Confirmation Date Remain Satisfied. All conditions precedent to the Confirmation Date shall have been satisfied and shall continue to be satisfied.

11.2.3 Execution of Documents. All actions, documents and agreements necessary to implement the provisions of the Plan to be effectuated on or prior to the Effective Date shall be reasonably satisfactory to the Committee and such actions, documents and agreements shall have been effected or executed and delivered.

11.2.4 Release of Collateral. Unless a particular Secured Claim is Reinstated: (i) each holder of: (A) a Secured Claim; and/or (B) a Claim that is purportedly secured shall on or immediately before the Effective Date: (x) turn over and release to Post Effective Date L&H any and all property of Post Effective Date L&H that secures or purportedly secures such Claim; and (y) execute such documents and instruments as Post Effective Date requires to evidence such claimant's release of such property; and (ii) on the Effective Date, all claims, right, title and interest in such property shall vest in Post Effective Date L&H free and clear of all Claims and Equity Interests, including, without limitation, Liens, charges, pledges, interests, encumbrances and/or security interests of any kind.

11.3 Waiver of Conditions Precedent. Each of the conditions precedent in Sections 11.1 and 11.2 hereof may be waived or modified, in whole or in part by the Committee. Any such waiver or modification of a condition precedent in Sections 11.1 and 11.2 hereof may be effectuated at any time, without notice, without leave or order of the Bankruptcy Court and without any other formal action.

11.3.1 Effect of Failure or Absence of Waiver of Conditions Precedent to the Effective Date of the Plan. In the event that one or more of the conditions specified in Section 11.2 of the Plan have not occurred (or been waived) on or before 120 days after the Confirmation Date, upon notification submitted by the Committee to the Bankruptcy Court and the Debtor, (a) the Confirmation Order shall be vacated, (b) no distributions under the Plan shall be made, (c) the Debtor and all holders of Claims and Equity Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the

Confirmation Date never occurred and (d) the Debtor's obligations with respect to the Claims and Equity Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtor or any other Person or Entity or to prejudice in any manner the rights of the Debtor or any Person or Entity in any further proceedings involving the Debtor.

## SECTION XII

### EFFECT OF CONFIRMATION

12.1 Post Effective Date L&H's Authority. Until the Effective Date, the Bankruptcy Court shall retain custody of and jurisdiction over the Debtor, including the Chapter 11 Assets. On the Effective Date, after transferring the Chapter 11 Assets to Post Effective Date L&H and the Assigned Causes of Action to the Litigation Trust, L&H NV, its property and interests in property and operations shall be released from the custody and jurisdiction of the Bankruptcy Court, except as otherwise provided herein.

12.2 Vesting and Liens. On the Effective Date, all of the Chapter 11 Assets shall be vested in Post Effective Date L&H free and clear of all Liens (except as expressly provided herein).

12.3 Injunction. Except as otherwise provided in the Plan or Confirmation Order (including any right to receive Distributions under the Plan) or a separate order of the Bankruptcy Court, as of the Effective Date, all Entities that have held, currently hold or may hold a Claim or other debt or liability that would be discharged or an Equity Interest or other right of an equity security holder that is terminated and canceled pursuant to the terms of the Plan, are permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated and canceled Equity Interests or rights: (1) commencing or continuing in any manner any action or other proceeding against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; (2) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against Post Effective Date L&H, the Estate or properties and interests in properties of each of the foregoing; (3) creating, perfecting or enforcing any lien or encumbrance against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; (4) asserting a setoff, right of subrogation or recoupment of any kind against any obligation due to Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; and (5) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan and the Confirmation Order. In addition, all holders of Belgian Priority Claims shall be prohibited from asserting such claims in the Chapter 11 Case or seeking consideration pursuant to the Plan on account of a Belgian Priority Claim. Such injunction shall extend to all successors of the Debtor and its creditors. Nothing in the Plan or the Confirmation Order shall prohibit, impede or prevent any party from pursuing a claim or taking any other action in the Belgian Case, or from pursuing a claim or taking any action against any assets other than the Chapter 11 Assets.

Nothing in the Plan or the Confirmation Order shall be deemed to discharge, enjoin, restrict or otherwise impair any rights that may exist in favor of a person or entity to assert any defensive rights of setoff or recoupment with respect to any cause of action that may be asserted against such person or entity by the Debtor or successor in interest to the Debtor, including the Litigation Trust described herein.

12.4 Term of Injunctions or Stays. Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Case pursuant to section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

### SECTION XIII

#### EXCULPATION

13.1 Avoidance and Recovery Actions. In accordance with Section 7.4.2 of the Plan, and subject to Section 7.14 of the Plan, all of the Assigned Causes of Action that belong to or could have been raised by or on behalf of the Debtor or Debtor In Possession or its respective Estate, have been transferred and assigned to the Litigation Trust. Post Effective Date L&H and the Litigation Trust, as the case may be, as the successors to the Debtor, shall retain and may prosecute any of the foregoing as a defense or counterclaim to any Claim, Counterclaim or action, including, but not limited to, any rights under section 502(d) of the Bankruptcy Code. All other Causes of Action are being retained by Post Effective Date L&H in accordance with Section 7.14 of the Plan.

13.2 Exculpation. Except to the extent of any willful misconduct or gross negligence, none of L&H NV, Post Effective Date L&H, or any of the L&H NV Parties (but solely in their capacities as L&H NV Parties) shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of, (a) the Chapter 11 Case, (b) the pursuit of confirmation of the Plan, (c) the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, (d) the Plan, (e) the negotiation, formulation and preparation of the Plan and any of the terms, settlements and compromises reflected in the Plan, and, in all respects, Post Effective Date L&H and each of the L&H NV Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan; provided, however, that the exculpation contained in this Section 13.2 of the Plan shall not apply, (x) with respect to the L&H NV Parties, to acts or omissions that occurred prior to the Petition Date, and (y) solely with respect to Post Effective Date L&H, the Litigation Trust, the Plan Administrator, the Litigation Trustee or the Curators, to acts or omissions that occur after the Effective Date.

13.3 Release Of Certain Intercompany Claims. As of the Effective Date, L&H NV, Post Effective Date L&H, and each of their respective successors and successors-in-interest, hereby release any and all Claims, other claims or Causes of Action that they have, may have, or claim to have, which are property of, assertable on behalf of, or derivative of the Estate against L&H Holdings or its Affiliates (other than L&H NV) in accordance with that certain Mutual Release Agreement among L&H Holdings and L&H NV dated on or about June 26, 2002, which

was approved by the Bankruptcy Court on August 13, 2002 and which became effective on the effective date of the L&H Holdings Plan; provided, however, such mutual releases among L&H NV and L&H Holdings shall not include (a) a release of certain claims relating to intercompany allocations of shared costs, including management costs, corporate marketing costs, professional fees and expenses, DIP fees, interest and related expenses, and insurance costs (which allocations have or shall be approved by the Bankruptcy Court) and (b) the U.S. Merger Claims and the Other U.S. Claims assigned to L&H NV pursuant to the Stipulation And Order Between Lernout & Hauspie Speech Products N.V. And L&H Holdings USA, Inc. And Baker Parties Compromising And Settling Claims (as such Claims are defined therein), dated January 31, 2002; and provided, further, that such releases shall include, but not be limited to, (x) other than the Claims provided for in subsection (b) above, any and all claims relating to that certain Agreement And Plan Of Merger dated as of March 27, 2000, by and among L&H NV, L&H Holdings, Dragon Systems, Inc. and the principal stockholders of Dragon Systems, Inc., any claims of breach of warranty or representations relating thereto, and (y) any remaining pre-petition and post-petition intercompany claims among L&H Holdings and L&H NV.

#### SECTION XIV

##### RETENTION OF JURISDICTION

14.1 Retention of Jurisdiction. The Bankruptcy Court may retain jurisdiction; and if the Bankruptcy Court exercises its retained jurisdiction, shall have exclusive jurisdiction, of all matters arising out of, and relating to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (i) To hear and determine pending motions for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of Claims resulting therefrom;
- (ii) To determine any and all adversary proceedings, applications and contested matters;
- (iii) To consider and rule on the compromise and settlement of any Claim against or Cause of Action on behalf of Post Effective Date L&H or its Estate;
- (iv) To ensure that Distributions to holders of Allowed Claims are accomplished as provided herein;
- (v) To hear and determine any timely objections to Administrative Expense Claims, Belgian Claims or to proofs of Claim filed, both before and after the Confirmation Date, including any objections to the classification of any Claim, and to Allow or Disallow any Disputed Claim, in whole or in part;

- (vi) To hear and determine any and all applications for the allowance of Professional Fees;
- (vii) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (viii) To issue such orders in aid of execution of the Plan, in accordance with section 1142 of the Bankruptcy Code;
- (ix) To consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in the Plan, including any exhibit thereto, or in any order of the Bankruptcy Court, including the Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan and to implement and effectuate the Plan;
- (x) To hear and determine all applications for awards of compensation for services rendered and reimbursement of expenses relating to implementation and effectuation of the Plan;
- (xi) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, including, but not limited to, disputes relating to the Plan Transactions;
- (xii) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- (xiii) To compel the conveyance of property and other performance contemplated under the Plan and documents executed in connection herewith;
- (xiv) To enforce remedies upon any default under the Plan;
- (xv) To enforce, interpret and determine any disputes arising in connection with any orders, stipulations, judgments and rulings entered in connection with the Chapter 11 Case (whether or not the Chapter 11 Case has been closed);
- (xvi) To resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan, or any Person's or Entity's obligations incurred in connection herewith;
- (xvii) To determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other

agreement or document created in connection with the Plan (including, but not limited to, the Plan Supplement) or the Disclosure Statement;

(xviii) To issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Plan;

(xix) To issue such orders as may be necessary or appropriate in aid of confirmation and/or to facilitate consummation of the Plan;

(xx) To determine such other matters as may be provided for in the Confirmation Order or other orders of the Bankruptcy Court as may be authorized under the provisions of the Bankruptcy Code or any other applicable law;

(xxi) To hear and determine (a) all motions, applications, adversary proceedings, and contested and litigated matters pending on the Effective Date, and (b) all claims by or against the Chapter 11 Assets arising under the Bankruptcy Code or non-bankruptcy law, if made applicable by the Bankruptcy Code, whether such claims are commenced before or after the Effective Date;

(xxii) To hear any other matter not inconsistent with the Bankruptcy Code; and

(xxiii) To enter a final decree closing the Chapter 11 Case.

#### 14.2 Modification of Plan.

(a) Subject to Sections 6.5 and 15.8 of the Plan, the Committee may alter, amend, or modify the Plan or any Exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. The Committee shall provide parties-in-interest with notice of such amendments or modifications as may be required by the Bankruptcy Rules or order of the Bankruptcy Court. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim of such holder.

(b) After the Confirmation Date and prior to substantial consummation (as defined in section 1101(2) of the Bankruptcy Code) of the Plan, Post Effective Date L&H may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of holders of Claims under the Plan; provided, however, that, to the extent required, prior notice of such proceedings shall be served in accordance with the



Bankruptcy Rules or an order of the Bankruptcy Court. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim of such holder.

## SECTION XV

### MISCELLANEOUS PROVISIONS

15.1 Payment of Statutory Fees. All fees payable pursuant to section 1930, title 28, United States Code, shall be paid on the Effective Date, and thereafter as they come due pending closing or dismissal of the case.

15.2 Role of Indenture Trustees: Certain Fees And Expenses of Indenture Trustees. Notwithstanding any other provision in this Plan, as soon as practicable after the Record Date, the Old Convertible Subordinated Notes Indenture Trustee and the PIERS Indenture Trustee shall provide to Post Effective Date L&H a list setting forth the identities of holders of any Class 4 PIERS/Old Convertible Subordinated Notes Claim and such other information that Post Effective Date L&H may require to effect such Distributions to holders of such Claims. Subject to the Effective Date occurring, the reasonable fees and expenses of the Old Convertible Subordinated Notes Indenture Trustee and the PIERS Indenture Trustee for services rendered shall be Allowed as Administrative Expense Claims against L&H NV, pursuant to section 503(b) of the Bankruptcy Code, and shall be paid by L&H NV or Post-Effective Date L&H without the need for the Old Convertible Subordinated Notes Trustee and the PIERS Indenture Trustee to file an application for allowance with the Bankruptcy Court, subject to such fees and expenses being reasonable. The Bankruptcy Court shall retain jurisdiction over any dispute regarding the reasonableness of such fees and expenses, and any and all rights, claims, and defenses of L&H NV and Post-Effective Date L&H with respect to the reasonableness of such fees and expenses, including, but not limited to the right to object to such fees and expenses, shall be expressly reserved.

15.3 Governing Law. EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE OR OTHER FEDERAL LAW IS APPLICABLE, OR TO THE EXTENT A SCHEDULE OR EXHIBIT HERETO OR INSTRUMENT, AGREEMENT OR OTHER DOCUMENT EXECUTED UNDER THE PLAN PROVIDES OTHERWISE, THIS PLAN, THE RIGHTS, DUTIES AND OBLIGATIONS ARISING UNDER THIS PLAN, AND ANY CLAIM OR CONTROVERSY DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS PLAN OR THE TRANSACTIONS CONTEMPLATED BY THIS PLAN (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL IN ALL RESPECTS BE GOVERNED BY AND INTERPRETED, CONSTRUED AND DETERMINED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION).

15.4 Notices. All notices, requests and demands to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

To Counsel for the Committee:

Akin Gump Strauss Hauer & Feld LLP  
590 Madison Avenue, 20th Floor  
New York, New York 10022  
Attn: Ira S. Dizengoff, Esq.  
James R. Savin, Esq.  
Telephone: (212) 872-1000  
Facsimile: (212) 872-1002

-and-

Monzack and Monaco  
400 Commerce Center  
Twelfth and Orange Streets  
Wilmington, Delaware 19899  
Attn: Francis A. Monaco, Jr., Esq.  
Joseph Bodnar, Esq.  
Telephone: (302) 656-8162  
Facsimile: (302) 656-2769

To Post Effective Date L&H/Plan Administrator/Litigation Trustee:

Scott L. Baena, Esq.  
c/o Bilzin Sumberg Baena Price & Axelrod LLP  
Wachovia Financial Center  
200 South Biscayne Blvd, Suite 2500  
Miami, FL 33131  
Telephone: (305) 374-7580  
Facsimile: (305) 374-7593

To L&H NV:

Lernout & Hauspie Speech Products N.V.  
C/o Jean-Marc Vanstaen, Nieuwstraat 23  
Wervik, Belgium  
Telephone: 011-32-56-31-14-06  
Facsimile : 011-32-56-31-40-62

with a copy to Counsel for L&H NV:

Milbank, Tweed, Hadley & McCloy LLP  
1 Chase Manhattan Plaza  
New York, NY 10005-1413  
Attn: Luc A. Despins, Esq.  
Matthew S. Barr, Esq.  
James C. Tecce, Esq.  
Telephone: (212) 530-5398  
Facsimile : (212) 530-5219

-and-

Morris, Nichols, Arsht & Tunnell  
1201 North Market Street  
P.O. Box 1347  
Wilmington, Delaware 19899-1347  
Attn: Robert J. Dehney, Esq.  
Gregory W. Werkheiser, Esq.  
Donna L. Harris, Esq.  
Telephone: (302) 658-9200  
Facsimile: (302) 658-3989

To the Lenders:

KBC Bank N.V.  
125 West 55th Street  
New York, NY 10019  
Attn: Michael Curran  
Telephone: (212) 541-0600  
Facsimile: (212) 541-0784

with a copy to Counsel for the Lenders:

Chadbourne & Parke LLP  
30 Rockefeller Plaza  
New York, NY 10112  
Attn: Howard Seife, Esq.  
Theodore Zink, Esq.  
Telephone: (212) 408-5100  
Facsimile: (212) 541-5369

To the United States Trustee:

The Office of the United States Trustee  
J. Caleb Boggs Federal Building  
Suite 2313, Loxbox 35  
Wilmington, DE 19899  
Attn: Mark Kemney, Esq.  
Telephone: (302) 573-6491  
Facsimile: (302) 573-6497

15.5 Further Documents and Action. Post Effective Date L&H shall execute, and is authorized to file with the Bankruptcy Court, such agreements and other documents, take or cause to be taken such action, and deliver such documents or information as may be necessary or appropriate to effect and further evidence the terms and conditions of the Plan and to consummate the transactions and transfers contemplated by the Plan. Post Effective Date L&H, and all other parties, shall execute any and all documents and instruments that must be executed under or in connection with the Plan in order to implement the terms of the Plan or to effectuate the Distributions under the Plan, provided that such documents and instruments are reasonably acceptable to such party or parties.

15.6 Plan Supplement. Except as otherwise provided in the Plan, forms of the following documents shall be contained in the Plan Supplement and filed with the Clerk of the Bankruptcy Court at least seven (7) days prior to the Voting Deadline: the Assumption And Assignment Schedule, the Plan Administration Agreement and the Litigation Trust Agreement, the Mutual Release Agreement among L&H NV and L&H Holdings dated on or about June 26, 2002, and if available by such date, the lists of the initial members of the Litigation Monitoring Committee. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal Bankruptcy Court hours. Holders of Claims may obtain a copy of the Plan Supplement upon written request to the Committee in accordance with Section 15.4 of the Plan.

15.7 Plan Controls; Conflicts. In the event of any conflict or inconsistency between the terms of (a) the Plan (including all exhibits to the Plan), and (b) the Disclosure Statement, the terms of the Plan shall control.

15.8 Reservation of Rights. If the Plan is not confirmed by a Final Order, or if the Plan is confirmed and does not become effective, the rights of all parties in interest in the Chapter 11 Case are and shall be reserved in full. Any concessions or settlements reflected herein, if any, are made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Chapter 11 Case shall be bound or deemed prejudiced by any such concession or settlement.

15.9 Tax Reporting and Compliance. In connection with the Plan and all instruments issued in connection therewith and Distributions thereon, Post Effective Date L&H shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all Distributions hereunder shall be subject to any such withholding and reporting requirements. No holder of an Allowed Claim or Equity Interest against the Chapter 11 Assets shall effectuate any withholding with respect to the cancellation or satisfaction of such Allowed Claim under the Plan. Post Effective Date L&H is hereby authorized to request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all taxable periods of L&H NV ending after the Petition Date through, and including, the Effective Date of the Plan.

15.10 Binding Effect. The rights, benefits and obligations of any Entity named or referred to in the Plan, or whose actions may be required to effectuate the terms of the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity (including, but not limited to, any trustee appointed for L&H NV under Chapter 7 or 11 of the Bankruptcy Code). The Confirmation Order shall provide that the terms and provisions of the Plan and the Confirmation Order shall survive and remain effective after entry of any order which may be entered converting the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code, and the terms and provisions of the Plan shall continue to be effective in this or any superseding case under the Bankruptcy Code.

[END OF TEXT]

IN WITNESS WHEREOF, the undersigned has duly executed the Plan as of  
April 10, 2003.

OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF  
LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.

By: /s/ Michael Curran  
Name: Michael Curran on behalf of KBC Bank N.V.  
Capacity: Chairman of the Official Committee of  
Unsecured Creditors of Lernout & Hauspie  
Speech Products N.V.

**Exhibit B**

**Notice to Filing and Recording Officers  
of Entry and Terms of Confirmation Order**

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	X	
	:	Chapter 11
	:	
LERNOUT & HAUSPIE	:	Case No. 00-4398 (JHW)
SPEECH PRODUCTS N.V.,	:	
	:	
Debtor.	:	
	X	

**NOTICE TO FILING AND RECORDING OFFICERS  
OF ENTRY AND TERMS OF CONFIRMATION ORDER**

TO ALL FILING AND RECORDING OFFICERS:

PLEASE TAKE NOTICE that on May 29, 2003, the United States Bankruptcy Court for the District of Delaware entered the Findings of Fact and Conclusions of Law Relating To, And Order Under 11 U.S.C. § 1129 Confirming, The Official Committee of Unsecured Creditors' Plan of Liquidation for Lernout & Hauspie Speech Products N.V. under Chapter 11 of the Bankruptcy Code, dated March 11, 2003 (the "Confirmation Order"). (Capitalized terms not defined in this notice have the meanings ascribed to them in the Confirmation Order or Plan). A copy of the Confirmation Order and the Plan are annexed hereto.

PLEASE TAKE FURTHER NOTICE that paragraph 38 of the Confirmation Order provides as follows:

(a) Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of any security, or the making, delivery, filing, or recording of any instrument of transfer, under the Plan shall not be taxed under any law imposing a stamp tax, transfer tax, or similar tax.

(b) Without limiting the generality of subparagraph (a) of this paragraph, the making, delivery, filing, or recording at any time of any deed, bill of sale, mortgage, leasehold mortgage, deed of trust, leasehold deed of trust, memorandum of lease, notice of lease, assignment, leasehold assignment, security agreement, financing statement, or other instrument of absolute or collateral transfer required, or deemed necessary or desirable, by L&H NV, Post Effective Date L&H or the Plan Administrator, and other agreements or instruments related thereto shall not be so taxed.

(c) All filing or recording officers, wherever located and by whomever appointed, are hereby directed to accept for filing or recording, and to file or record immediately upon presentation thereof, all such deeds, bills of sale, mortgages, leasehold mortgages, deeds of trust, leasehold deeds of trust, memoranda of lease, notices of lease, assignments, leasehold assignments, security agreements, financing statements, and other instruments of absolute or collateral transfer without payment of any stamp tax, transfer



tax, or similar tax imposed by federal, state, or local law. This Notice, (i) shall have the effect of an order of this Court, (ii) shall constitute sufficient notice of the entry of this Order to such filing and recording officers, and (iii) shall be a recordable instrument notwithstanding any contrary provision of nonbankruptcy law. This Court specifically retains jurisdiction to enforce the foregoing direction, by contempt or otherwise.

Dated: May 29, 2003  
Wilmington, Delaware

BY ORDER OF THE BANKRUPTCY COURT  
Judith H. Wizmur,  
Bankruptcy Judge

**Exhibit C**

**Form of Notice of Entry of Confirmation Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

----- X	
In re:	:
	:
LERNOUT & HAUSPIE	:
SPEECH PRODUCTS N.V.,	:
	:
Debtor.	:
----- X	

Chapter 11  
Case No. 00-4398 (JHW)

**NOTICE OF ENTRY OF ORDER UNDER 11 U.S.C. § 1129 CONFIRMING  
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF  
LIQUIDATION FOR LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

TO ALL HOLDERS OF CLAIMS AGAINST AND HOLDERS OF EQUITY INTERESTS IN  
LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that, on May 29, 2003, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered the Findings of Fact and Conclusions of Law Relating To, And Order Under 11 U.S.C. § 1129 Confirming, The Official Committee of Unsecured Creditors' Plan of Liquidation for Lernout & Hauspie Speech Products N.V. under chapter 11 of the Bankruptcy Code (such plan of liquidation, as modified and amended, being the "Plan," and such order being the "Order"). Capitalized terms not defined in this notice have the meanings ascribed to them in the Order or the Plan.

PLEASE TAKE FURTHER NOTICE that, subject to the occurrence of the Effective Date, the provisions of the Plan bind L&H NV, any person or entity acquiring property under the Plan, and any holder of a Claim or Equity Interest, whether or not the Claim or Equity Interest of such creditor or equity security holder is impaired under the Plan and whether or not such creditor or equity security holder has accepted the Plan.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan, Priority Non-Tax Claims are unimpaired. Holders of Priority Non-Tax Claims will either be paid in full in Cash on the Effective Date or receive such treatment as to which L&H NV or Post Effective Date L&H, as the case may be, and such holder agree in writing. Unsecured Claims, PIERS/Old Convertible Subordinated Notes Claims, Common Stock, Securities Law Claims and Other Equity Interests are impaired and will receive only those distributions provided under the Plan.

**PLEASE TAKE FURTHER NOTICE** that, except as otherwise provided in the Plan or Confirmation Order (including any right to receive Distributions under the Plan) or a separate order of the Bankruptcy Court, as of the Effective Date, all Entities that have held, currently hold or may hold a Claim or other debt or Liability that would be discharged or an Equity Interest or other right of an equity security holder that is terminated and canceled pursuant to the terms of the Plan, are permanently enjoined from taking any of the following actions on account of any such Claims, debts or liabilities or terminated and canceled Equity Interests or rights: (1) commencing or continuing in any manner any action or other proceeding against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; (2) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against Post Effective Date L&H, the Estate or properties and interests in properties of each of the foregoing; (3) creating, perfecting or enforcing any lien or encumbrance against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; (4) asserting a setoff, right of subrogation or recoupment of any kind against any obligation due to Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; and (5) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan and the Confirmation Order. In addition, all holders of Belgian Priority Claims shall be prohibited from asserting such claims in the Chapter 11 Case or seeking consideration pursuant to the Plan on account of a Belgian Priority Claim. Such injunction shall extend to all successors of the Debtor and its creditors. Nothing in the Plan or the Confirmation Order shall prohibit, impede or prevent any party from pursuing a claim or taking any other action in the Belgian Case, or from pursuing a claim or taking any action against any assets other than the Chapter 11 Assets.

**PLEASE TAKE FURTHER NOTICE** that, nothing in the Plan or the Confirmation Order shall be deemed to discharge, enjoin, restrict or otherwise impair any rights that may exist in favor of a person or entity to assert any defensive rights of setoff or recoupment with respect to any cause of action that may be asserted against such person or entity by the Debtor or successor in interest to the Debtor, including the Litigation Trust described therein.

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the Plan and the Order, the satisfaction pursuant to Section 12.3 of the Plan shall also act as an injunction against any Entity commencing or continuing any action, employment of process, or other act against L&H NV or Post Effective Date L&H to collect, offset, or recover any Claim or Cause of Action satisfied, or released under the Plan.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan and the Order, in accordance with Section 7.4.2 of the Plan, and subject to Section 7.14 of the Plan, all of the Assigned Causes of Action that belong to or could have been raised by or on behalf of L&H NV or its respective Estate, shall be deemed transferred and assigned to the Litigation Trust. The assignment shall include, but is not limited to, that certain Cause of Action commenced by Kemper Indemnity Insurance Company against, inter alia, L&H NV bearing Civil Action No. 03-CV-2214 (S.D.N.Y.). Post Effective Date L&H and the Litigation Trust, as the case may be, as the successors to the Debtor, shall retain and may prosecute any of the foregoing as a defense or counterclaim to any Claim, Counterclaim or action, including, but not limited to, any rights under section 502(d) of the Bankruptcy Code. All other Causes of Action are being retained by Post Effective Date L&H in accordance with Section 7.14 of the Plan

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan and the Order, except to the extent of any willful misconduct or gross negligence, none of L&H NV, Post Effective Date L&H, or any of the L&H NV Parties (but solely in their capacities as L&H NV Parties) shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of, (a) the Chapter 11 Case, (b) the pursuit of confirmation of the Plan, (c) the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, (d) the Plan, (e) the negotiation, formulation and preparation of the Plan and any of the terms, settlements and compromises reflected in the Plan, and, in all respects, Post Effective Date L&H and each of the L&H NV Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan; provided, however, that the exculpation contained in this Section 13.2 of the Plan shall not apply, (x) with respect to the L&H NV Parties, to acts or omissions that occurred prior to the Petition Date, and (y) solely with respect to Post Effective Date L&H, the Litigation Trust, the Plan Administrator, the Litigation Trustee or the Curators, to acts or omissions that occur after the Effective Date.

PLEASE TAKE FURTHER NOTICE that, any party in interest wishing to obtain a copy of the Order may request such copy at their own expense by contacting Colin M. Adams, Esq., Akin Gump Strauss Hauer & Feld LLP, 590 Madison Avenue, New York, NY 10022, at (212) 872-1000. Copies of the Order may also be reviewed during regular business hours at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 6th Floor, Wilmington, Delaware 19801, or may be viewed at the Bankruptcy Court's website, [www.dcb.uscourts.gov](http://www.dcb.uscourts.gov).

Dated: May 29, 2003  
Wilmington, Delaware

BY ORDER OF THE BANKRUPTCY COURT  
Judith H. Wizmur,  
Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

----- x	:	
In re:	:	Chapter 11
	:	
LERNOUT & HAUSPIE	:	Case No. 00-4398 (JHW)
SPEECH PRODUCTS N.V.,	:	
	:	
Debtor.	:	
----- x	:	

FINDINGS OF FACT AND CONCLUSIONS OF LAW RELATING TO, AND  
ORDER UNDER SECTION 1129 OF THE BANKRUPTCY CODE CONFIRMING,  
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF  
LIQUIDATION FOR LERNOUT & HAUSPIE SPEECH PRODUCTS N.V. UNDER  
CHAPTER 11 OF THE BANKRUPTCY CODE

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## RECITALS

WHEREAS, on November 29, 2000 (the "Petition Date"), Lernout & Hauspie Speech Products N.V. ("L&H NV") commenced the above-captioned case (the "Chapter 11 Case") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Bankruptcy Code") which currently is pending before the United States Bankruptcy Court for the District of Delaware; and

WHEREAS, on March 11, 2003, the Official Committee of Unsecured Creditors of Lernout & Hauspie Speech Products N.V. (the "Committee"), filed with this Court (a) the Official Committee of Unsecured Creditors of Lernout & Hauspie Speech Products N.V.'s Plan of Liquidation for Lernout & Hauspie Speech Products N.V., dated March 11, 2003 (as amended or modified, the "Plan")<sup>1</sup> and (b) the Disclosure Statement Pursuant To Section 1125 Of The Bankruptcy Code With Respect To the Official Committee of Unsecured Creditors' Plan of Liquidation for Lernout & Hauspie Speech Products N.V., dated March 11, 2003 (as amended or modified, the "Disclosure Statement"); and

WHEREAS, on April 10, 2003, this Court entered an order (the "Disclosure Statement Approval Order") that, among other things, approved the Disclosure Statement in all respects, fixed May 29, 2003 as the date for the hearing to consider confirmation of the Plan (the "Confirmation Hearing"), and established certain procedures for soliciting and tabulating votes with respect to the Plan. Specifically, the Disclosure Statement Approval Order authorized the Committee to distribute copies of the Plan, Disclosure Statement and one or more Ballots to all claimants entitled to vote on the Plan; and

WHEREAS, on May 21, 2003, the Affidavit of Mailing of Raj Cyril of Apple Direct Mail, dated May 7, 2003, and the Affidavit of Mailing of Eric Olson of Morrow & Co., Inc. (the "Solicitation Affidavits") were filed stating that on April 17, 2003, the Notice of Confirmation Hearing, the Disclosure Statement (and the Plan attached thereto), the Disclosure Statement Approval Order, and, to the extent required in the Disclosure Statement Approval Order, an appropriate Ballot, were mailed and transmitted by United States mail first class postage prepaid to, as set forth in the exhibits to the Plan Mailing Affidavits, (i) L&H NV and the United States Trustee (excluding ballots), (ii) claimants holding Claims in unimpaired classes (Class 1 Priority Non-Tax Claims) and (Class 2 Secured Claims), (iii) claimants holding Claims designated as impaired and entitled to vote pursuant to the Plan who filed timely proofs of claims or whose Claims were scheduled by L&H NV (Class 3 Unsecured Claims) and (Class 4 PIERS/Old Convertible Subordinated Notes Claims), and (iv) claimants holding claims designated as impaired and not entitled to vote pursuant to the Plan (Class 6 Securities Law Claims); and

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

WHEREAS, on March 18, 2003, the Committee filed the certificate of mailing of Bridgette Trykoski of The Wall Street Journal (the "Publication Affidavit") setting forth the time and manner of the publication of the notice approved by this Court in the Disclosure Statement Approval Order for publication in The Wall Street Journal (National Edition) on April 22, 2003; and

WHEREAS, on May 21, 2003, the Committee filed the Affidavit Of Carole G. Donlin, sworn to on May 20, 2003, attesting to the results of voting on the Plan (the "Voting Results Affidavit"); and

WHEREAS, on May 28, 2003, the Committee filed the Official Committee of Unsecured Creditors of L&H Speech Products NV's Memorandum of Law in Support of Confirmation of its Plan of Liquidation (the "Memorandum of Law"), in support of confirmation of the Plan; and

WHEREAS, on May 12, 2003, the Committee filed the Plan Supplement Pursuant To Section 15.6 of the Plan (the "Plan Supplement") notice of which was served on (i) the United States Trustee, (ii) counsel for L&H NV, and (iii) those entities that have formally requested receipt of pleadings in these cases pursuant to Rule 2002 of the Bankruptcy Rules; and

WHEREAS, no executory contracts and unexpired leases are set forth on the Assumption And Assignment Schedule attached to the Plan Supplement; accordingly, all executory contracts and unexpired leases are deemed to be automatically rejected as of the Confirmation Date pursuant to Section 10.1 of the Plan; and

WHEREAS, on the Effective Date, in accordance with Section 7.4 of the Plan L&H NV and Post Effective Date L&H shall be deemed to have irrevocably assigned and transferred all of their rights, title and interest in and to any and all Assigned Causes of Action to the Litigation Trust, which trust shall be administered by the Litigation Trustee, under the supervision of the Litigation Trust Monitoring Committee (as named in the Plan Supplement and as may be amended at or prior to the Confirmation Hearing (as defined below)) in accordance with the Litigation Trust Agreement (as filed with the Plan Supplement), for the sole and exclusive benefit of the holders of Litigation Trust Beneficial Interests; and

WHEREAS, six (6) objections to confirmation were formally filed by the following entities and individuals: (a) Stonington Partners Inc., Stonington Capital Appreciation 1994 Fund, L.P., and Stonington Holdings, L.L.C. (collectively, "Stonington"), (b) Rocker Management, L.L.C., Rocker Partners, L.P., Rocker Offshore Management Company and Compass Holdings, Ltd. (collectively "Rocker"), (c) KPMG LLP ("KPMG"), (d) Charles Van Damme ("Van Damme"), (e) William Kaufmann ("Kaufmann"), and (f) Innet NV ("Innet"); and

WHEREAS, pursuant to section 1128(a) of the Bankruptcy Code, this Court held a hearing commencing on May 29, 2003 (the "Confirmation Hearing"), to consider confirmation of the Plan;

NOW, THEREFORE, based upon this Court's review of the pleadings, affidavits and reports previously filed with this Court, including the Solicitation Affidavits, the Publication Affidavit, the Voting Results Affidavit, and the Memorandum of Law; and upon all of the evidence proffered or adduced at the Confirmation Hearing, memoranda and objections filed in connection with the Plan, and arguments of counsel made at the Confirmation Hearing commenced on May 29, 2003; and after due deliberation; and upon the entire record of the Chapter 11 Case;

**FINDINGS OF FACT AND CONCLUSIONS OF LAW**

**IT IS HEREBY FOUND AND DETERMINED THAT:<sup>2</sup>**

1. Core Proceeding (28 U.S.C. § 157(b)(2)). This is a core proceeding under 28 U.S.C. § 157(b)(2).

2. Transmittal and Mailing of Materials; Notice. The Disclosure Statement, the Plan, the Ballots, the Notice of Confirmation Hearing, the Publication Notice, the Disclosure Statement Approval Order and the Plan Supplement were transmitted and served in compliance with the Disclosure Statement Approval Order and the Bankruptcy Rules, and such transmittal and service was adequate and sufficient. Adequate and sufficient notice of the Confirmation Hearing and other bar dates and hearings described in the Disclosure Statement Approval Order was given in compliance with the Bankruptcy Rules and the Disclosure Statement Approval Order, and no further notice is required. The information contained in the Disclosure Statement was adequate for the purpose of soliciting votes for acceptance of the Plan. The solicitation of votes was made in good faith and in compliance with the applicable provisions of the Bankruptcy Code and Bankruptcy Rules and all other rules, laws and regulations.

3. Plan Compliance with Bankruptcy Code (11 U.S.C. § 1129(a)(1)). Section IV of the Plan adequately and properly identifies and classifies all Claims and Equity Interests. The Plan complies with the applicable provisions of the Bankruptcy Code, thereby satisfying section 1129(a)(1) of the Bankruptcy Code and, as required by Bankruptcy Rule 3016(a), is dated and specifically identifies the Committee as the proponent of the Plan.

(a) Proper Classification (11 U.S.C. §§ 1122, 1123(a)(1)). Section IV of the Plan adequately and properly identifies and classifies all Claims and Equity Interests. The Plan designates five (5) Classes of Claims and two (2) Classes of Equity Interests. The Claims or Equity Interests placed in each Class are substantially similar to other Claims or Equity Interests, as the case may be, in each such Class, and such classification is therefore consistent with section 1122 of the Bankruptcy Code. Valid business and legal reasons exist for the various Classes of Claims and Equity Interests created under the Plan, and such classification does not unfairly discriminate among holders of Claims or Equity Interests. Thus, the Plan satisfies section 1123(a)(1) of the Bankruptcy Code.

<sup>2</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact where appropriate.

(b) Specified Treatment of Unimpaired Classes (11 U.S.C. § 1123(a)(2)). The Plan specifies in Section IV that Classes 1 and 2 are not impaired under the Plan, thereby satisfying section 1123(a)(2) of the Bankruptcy Code.

(c) Specified Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)). The Plan specifies in Section IV that certain Classes of Claims and Equity Interests are impaired, and specifies in Section 5.2 the treatment of the impaired Classes (Classes 3, 4, 5, 6 and 7), thereby satisfying section 1123(a)(3) of the Bankruptcy Code.

(d) No Discrimination (11 U.S.C. § 1123(a)(4)). The Plan provides for the same treatment for each Claim or Equity Interest in each respective Class unless the holder of a particular Claim or Equity Interest has agreed to a less favorable treatment of such Claim or Equity Interest, thereby satisfying section 1123(a)(4) of the Bankruptcy Code.

(e) Implementation of the Plan (11 U.S.C. § 1123(a)(5)). Section VII of the Plan provides adequate and proper means for implementation of the Plan, thereby satisfying section 1123(a)(5) of the Bankruptcy Code. Among other things:

(i) The Plan provides for the Transfer of the Chapter 11 Assets of L&H NV to Post Effective Date L&H on the Effective Date, for the Distribution of such assets to claimants, and the winding up of L&H NV's affairs.

(ii) The Plan provides for the appointment of the Plan Administrator as the responsible person and representative of Post Effective Date L&H, as though he were the sole officer and director of Post Effective Date L&H.

(iii) The Plan provides that L&H NV and Post Effective Date L&H will be deemed to have assigned the Causes of Actions to the Litigation Trust in accordance with section 7.4.2 of the Plan. The assignment shall include, but is not limited to, that certain Cause of Action commenced by Kemper Indemnity Insurance Company against, *inter alia*, L&H NV bearing Civil Action No. 03-CV-2214 (S.D.N.Y.).

(iv) The Plan provides in Section 7.15 for the cancellation of all existing Equity Interests or other securities, notes, bonds, indentures and nullification of any certificates representing such Equity Interests as it relates to the Chapter 11 Assets.

(v) The Plan provides for the rejection of all other leases and contracts not previously rejected or not appearing on the Assumption And Assignment Schedule (no such contracts or leases appear on the Assumption And Assignment Schedule).

(vi) The Plan provides for the dissolution of Post Effective Date L&H and, subject to the administration of the Belgian Case, L&H NV, and the filing of a certification to that effect with the Bankruptcy Court at the appropriate time by the Plan Administrator.

(vii) The Plan provides for the distribution of the Litigation Trust Beneficial Interests to certain holders of Allowed Claims.

(viii) The Plan specifies the procedures to be undertaken under which Post Effective Date L&H will make Distributions of Chapter 11 Assets to holders of Allowed Claims.

(f) Selection of Officers, Directors and Initial Trustees (11 U.S.C. § 1123(a)(7)). The provisions of the Plan regarding the manner of selection of officers and directors of Post Effective Date L&H are consistent with the interests of creditors and equity security holders and with public policy, thereby satisfying section 1123(a)(7) of the Bankruptcy Code. Specifically, Section 7.16 of the Plan provides that, upon the Effective Date, Scott L. Baena shall be appointed the Plan Administrator. Thereupon, the Plan Administrator shall serve as the responsible person and representative of Post Effective Date L&H, as though he were the sole officer and director for Post Effective Date L&H, through the date that Post Effective Date L&H is dissolved in accordance with Section 7.7 of the Plan.

4. The Committee's Compliance with the Bankruptcy Code (11 U.S.C. § 1129(a)(2)). The Committee has complied with the applicable provisions of the Bankruptcy Code, thereby satisfying Section 1129(a)(2) of the Bankruptcy Code.

(a) On November 29, 2000, L&H NV filed a voluntary chapter 11 petition pursuant to section 301 of the Bankruptcy Code.

(b) This Court has jurisdiction over the Chapter 11 Case pursuant to 28 U.S.C. § 1334.

(c) Venue of the Chapter 11 Case is proper in this district pursuant to 28 U.S.C. § 1408.

(d) The Committee is a proper proponent of the Plan pursuant to section 1121(c) of the Bankruptcy Code.

(e) The Committee, as proponent of the Plan, complied with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the Disclosure Statement Approval Order in transmitting the Plan, Disclosure Statement, Ballots and related documents and notices and in soliciting and tabulating votes on the Plan.

5. Plan Proposed in Good Faith (11 U.S.C. § 1129(a)(3)). The Committee has proposed the Plan in good faith and not by any means forbidden by law, thereby satisfying section 1129(a)(3) of the Bankruptcy Code.

6. Payments for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)). Any payment made or to be made by the Estate for services or for costs and expenses in or in connection with the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been approved by, or is subject to the approval of, this Court as reasonable, thereby satisfying section 1129(a)(4) of the Bankruptcy Code.

7. Directors, Officers and Trustees (11 U.S.C. § 1129(a)(5)). The Committee has complied with section 1129(a)(5) of the Bankruptcy Code. Specifically:

(a) The Committee has disclosed that after confirmation of the Plan, Scott L. Baena will be the Plan Administrator, his appointment to such role is consistent with the interests of creditors and equity security holders and with public policy. Mr. Baena is not an insider or a current or former officer or director of L&H NV.

8. No Rate Changes (11 U.S.C. § 1129(a)(6)). No governmental regulatory commission has jurisdiction over the rates charged by L&H NV. Thus, the Plan does not provide for the change in any rates which require regulatory approval, thereby satisfying section 1129(a)(6) of the Bankruptcy Code.

9. Best Interests of Creditors Test (11 U.S.C. § 1129(a)(7)). The Plan satisfies section 1129(a)(7) of the Bankruptcy Code. Specifically, each holder of a Claim or Equity Interest in each impaired Class either has accepted the Plan or will likely receive or retain under the Plan on account of such Claim or Equity Interest property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if L&H NV were liquidated under chapter 7 of the Bankruptcy Code on such date. No Class has made an election under section 1111(b)(2) of the Bankruptcy Code.

10. Acceptance by Certain Classes (11 U.S.C. § 1129(a)(8)). Class 3 Unsecured Claims has accepted the Plan and Class 4 PIERS/Old Convertible Subordinated Notes Claims, the only other class entitled to vote, did not vote. Since not all impaired Classes of Claims or Equity Interests have accepted the Plan, the requirements of section 1129(a)(8) have not been met, thus invoking section 1129(b) of the Bankruptcy Code.

11. Treatment of Administrative and Tax Claims (11 U.S.C. § 1129(a)(9)). The treatment of Administrative Expense Claims, Priority Tax Claims, and Priority Non-Tax Claims under sections 3.1, 3.2 and 5.2.1 of the Plan satisfies the requirements of section 1129(a)(9)(A) and (B) of the Bankruptcy Code, and the treatment of Priority Tax Claims under Section 3.2 of the Plan satisfies the requirements of section 1129(a)(9)(C) of the Bankruptcy Code.

12. Acceptance by Impaired Classes (11 U.S.C. § 1129(a)(10)). At least one Class of Claims that is impaired under the Plan has accepted the Plan, determined without including any acceptance of the Plan by any insider of L&H NV holding a Claim in such Class, thereby satisfying section 1129(a)(10) of the Bankruptcy Code.

13. Feasibility (11 U.S.C. § 1129(a)(11)). As the Plan expressly provides for the liquidation of the assets of L&H NV, confirmation of the Plan is not likely to be followed by the need for further financial reorganization of L&H NV or any successor to L&H NV, thereby satisfying section 1129(a)(11) of the Bankruptcy Code.

14. Payment of Fees (11 U.S.C. § 1129(a)(12)). All fees payable under 28 U.S.C. § 1930, as determined by this Court at the Confirmation Hearing, have been paid or will be paid as Administrative Expense Claims on the Effective Date or when otherwise due and payable pursuant to Section 15.1 of the Plan, thereby satisfying section 1129(a)(12) of the

Bankruptcy Code. Any statutory fees accruing after the Confirmation Date shall constitute Administrative Expense Claims and be paid in accordance with Section 3.1 of the Plan.

15. Retiree Benefits (11 U.S.C. § 1129(a)(13)). As L&H NV is not obligated to provide any retiree benefits (as such term is defined in Section 1114 of the Bankruptcy Code), no such benefits are required to be continued under the Plan, and the Plan satisfies section 1129(a)(13) of the Bankruptcy Code.

16. Fair and Equitable; No Unfair Discrimination (11 U.S.C. § 1129(b)). Classes 5, 6 and 7 (the "Rejecting Class") are impaired Classes of Claims that are deemed to have rejected the Plan. Pursuant to section 1129(b) of the Bankruptcy Code, this Court finds that the Plan does not discriminate unfairly, and is fair and equitable, with respect to the Rejecting Classes. Specifically, with respect to the Rejecting Class, there are no holders of any Claims or Equity Interests junior to the Claim or Equity Interest of the Rejecting Class. Therefore, no distributions will be made on account of such junior Claims or Equity Interests.

17. Principal Purpose of Plan (11 U.S.C. § 1129(d)). The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of Section 5 of the Securities Act of 1933 (15 U.S.C. § 77e), and no governmental unit has requested that this Court not confirm the Plan for this reason. Therefore, the Plan satisfies the requirements under section 1129(d) of the Bankruptcy Code.

18. Successors of L&H NV. The Litigation Trust, when established as provided in the Plan and the Litigation Trust Agreement, will be a newly organized successor of L&H NV with respect to the Chapter 11 Assets under the Plan within the meaning of Section 1125(e) of the Bankruptcy Code and, along with Post Effective Date L&H, successor to L&H NV with respect to the Chapter 11 Assets under the Plan within the meaning of Section 1145(a) of the Bankruptcy Code. The Litigation Trust is not an insider of L&H NV or Post Effective Date L&H within the meaning of Section 101(31) of the Bankruptcy Code.

19. Exemption from Securities Laws (11 U.S.C. § 1145(a)). To the extent, if any, that they constitute "securities," the issuance and distribution of the Litigation Trust Beneficial Interests, under the Plan have been duly authorized, and when issued as provided in the Plan, will be validly issued, fully paid and nonassessable. The offer and sale of the Litigation Trust Beneficial Interests is in exchange for Claims within the meaning of Section 1145(a)(1) of the Bankruptcy Code. In addition, under Section 1145 of the Bankruptcy Code, to the extent, if any, that the Litigation Trust Beneficial Interests constitute "securities," the offering of such items is exempt and the issuance and distribution of such items will be exempt from Section 5 of the Securities Act of 1933 and any state or local law requiring registration prior to the offering, issuance, distribution or sale of securities.

20. Good Faith Solicitation (11 U.S.C. § 1125(e)).

(a) The Committee, and its members, agents, accountants, business consultants, representatives, attorneys and advisors, through their participation in the negotiation and preparation of the Plan and the Disclosure Statement and their efforts to confirm the Plan, have solicited acceptances and rejections of the Plan in good faith and

participated in this Chapter 11 Case in compliance with the applicable provisions of the Bankruptcy Code.

(b) The Committee, the Litigation Trust, holders of Claims receiving Litigation Trust Beneficial Interests and their respective members, agents, representatives, attorneys and advisors have participated or will have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code in the offer, sale, issuance and purchase of the Litigation Trust Beneficial Interests described in paragraph 19 above.

21. Injunction and Exculpation. Each of the injunction, and exculpation provisions contained in Sections XII and XIII of the Plan:

(a) falls within the jurisdiction of this Court under 28 U.S.C. §§ 1334(a), (b) and (d);

(b) is an essential means of implementing the Plan pursuant to section 1123(a)(5) of the Bankruptcy Code;

(c) is important to the overall objectives of the Plan to finally resolve, except to the extent otherwise provided in the Plan, all claims among or against the parties in interest in this Chapter 11 Case with respect to L&H NV, its organization, capitalization, operation and liquidation; and

(d) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code.

All entities that are benefited by the injunction, and exculpation provisions of the Plan have contributed and/or will contribute value to L&H NV and its Estate under the Plan.

22. Transfer of Property. The Transfers of Chapter 11 Assets by L&H NV (A) to Post Effective Date L&H (i) are or shall be legal, valid and effective transfers of property, (ii) vest or shall vest Post Effective Date L&H with good title to such property free and clear of all liens, charges, claims, encumbrances or interests, except as expressly provided in the Plan or this Order, (iii) do not and shall not constitute avoidable transfers under the Bankruptcy Code or under applicable non-bankruptcy law, and (iv) do not and shall not subject Post Effective Date L&H to any liability by reason of such transfer under the Bankruptcy Code or under applicable non-bankruptcy law, including, without limitation, any laws affecting successor or transferee liability, and (B) the transfers of Chapter 11 Assets by Post Effective Date L&H to holders of claims under the Plan or the Litigation Trust created pursuant to the Plan are for good consideration and value and are in the ordinary course of Post Effective Date L&H's business and (i) vest or shall vest such claimant with good title to such property free and clear of all liens, charges, claims, encumbrances or interests, except as expressly provided in the Plan or this Order (ii) do not and shall not constitute avoidable transfers under the Bankruptcy Code or under applicable non-bankruptcy law, and (iii) do not and shall not subject Post Effective Date L&H or the transferee to any liability by reason of such transfer under the Bankruptcy Code or under applicable non-bankruptcy law, including, without limitation, any laws affecting successor or transferee liability.



23. Conditions to Confirmation. Each of the conditions to confirmation set forth in Section 11.1 of the Plan has been satisfied, or will be satisfied or waived on or before the Effective Date.

24. Jurisdiction. This Court may properly retain jurisdiction over the matters set forth in Section 14.1 of the Plan.

### DECREEES

#### **NOW, THEREFORE, IT IS HEREBY ORDERED THAT,**

25. Confirmation. The Plan, a copy of which is attached hereto as Exhibit A, and as supplemented by the Plan Supplement, as all such documents may have been amended at or prior to the Confirmation Hearing, and as modified by this Order, is hereby confirmed as to Lernout & Hauspie Speech Products N.V., and all acceptances and rejections previously cast for or against the Plan are hereby deemed to constitute acceptances or rejections of the Plan as modified by this Order.

26. Objections. Each of the objections to confirmation of the Plan which has not been withdrawn, waived or settled, and all reservations of rights included therein, is overruled. To the extent that pleadings filed by individuals or entities constitute objections to confirmation of the Plan and have not been withdrawn, waived or settled, they are overruled and denied.

27. Provisions of Plan and Order Nonseverable and Mutually Dependent. The provisions of the Plan and this Order, including the findings of fact and conclusions of law set forth herein, are nonseverable and mutually dependent.

28. Executory Contracts and Unexpired Leases.

(a) This Confirmation Order shall constitute an order of the Court granting the motion by the Committee contained in the Plan to reject, as of the Effective Date, all executory contracts and unexpired leases to which L&H NV is a party except for: (a) the executory contracts and unexpired leases specifically listed on the Assumption And Assignment Schedule, which shall either be assumed and assigned as described therein (there being no such contracts or leases listed thereon), and (b) the executory contracts and unexpired leases dealt with in the Plan or pursuant to a Final Order of the Court entered on or before the Effective Date.

(b) Except as otherwise provided herein or pursuant to a Final Order of the Court, this Confirmation Order shall constitute an order of the Court approving, pursuant to section 365 of the Bankruptcy Code, the automatic rejection or assumption or assignment, as the case may be, effective as of the Confirmation Date, of all executory contracts and unexpired leases of L&H NV specifically listed on the Assumption And Assignment Schedule and the rejection of all executory contracts and unexpired leases that are not set forth on the Assumption And Assignment Schedule.

(c) If the rejection by L&H NV, pursuant to the Plan, of an executory contract or unexpired lease results in a Claim or Administrative Expense Claim against L&H NV, then such Claim or Administrative Expense Claim shall be barred forever and shall not be enforceable against L&H NV, Post Effective Date L&H or any of its property or the Estate, unless a proof of Claim or proof of Administrative Expense Claim against L&H NV is filed with the clerk of the Bankruptcy Court and served upon counsel to Post Effective Date L&H and, as applicable, to counsel for the Committee and counsel for L&H NV within thirty (30) days (or in the case of the United States Government or any subdivision thereof, sixty (60) days) after the earlier to occur of (a) the Confirmation Date and (b) the entry of an order by the Bankruptcy Court authorizing rejection of the subject executory contract or lease.

29. Injunction and Exculpation.

(a) Injunction. Except as otherwise provided in the Plan or this Confirmation Order (including any right to receive Distributions under the Plan) or a separate order of the Bankruptcy Court, as of the Effective Date, all Entities that have held, currently hold or may hold a Claim or other debt or liability that would be discharged or an Equity Interest or other right of an equity security holder that is terminated and canceled pursuant to the terms of the Plan, are permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated and canceled Equity Interests or rights: (1) commencing or continuing in any manner any action or other proceeding against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; (2) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against Post Effective Date L&H, the Estate or properties and interests in properties of each of the foregoing; (3) creating, perfecting or enforcing any lien or encumbrance against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; ~~(4) asserting a setoff, right of subrogation or recoupment of any kind against any obligation due to Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; and~~ (5) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan and this Confirmation Order. In addition, all holders of Belgian Priority Claims shall be prohibited from asserting such claims in the Chapter 11 Case or seeking consideration pursuant to the Plan on account of a Belgian Priority Claim. Such injunction shall extend to all successors of the Debtor and its creditors. Nothing in the Plan or this Confirmation Order shall prohibit, impede or prevent any party from pursuing a claim or taking any other action in the Belgian Case, or from pursuing a claim or taking any action against any assets other than the Chapter 11 Assets.

(b) Nothing in the Plan or this Confirmation Order shall be deemed to discharge, enjoin, restrict or otherwise impair any rights that may exist in favor of a person or entity to assert any defensive rights of setoff or recoupment with respect to any cause of action that may be asserted against such person or entity by the Debtor or successor in interest to the Debtor, including the Litigation Trust described therein.

(c) Avoidance and Recovery Actions. In accordance with Section 7.4.2 of the Plan, and subject to Section 7.14 of the Plan, all of the Assigned Causes of Action that belong to or could have been raised by or on behalf of L&H NV or its respective Estate, shall be deemed transferred and assigned to the Litigation Trust. The assignment shall include, but is not limited to, that certain Cause of Action commenced by Kemper Indemnity Insurance Company against, inter alia, L&H NV bearing Civil Action No. 03-CV-2214 (S.D.N.Y.). Post Effective Date L&H and the Litigation Trust, as the case may be, as the successors to the Debtor, shall retain and may prosecute any of the foregoing as a defense or counterclaim to any Claim, Counterclaim or action, including, but not limited to, any rights under section 502(d) of the Bankruptcy Code. All other Causes of Action are being retained by Post Effective Date L&H in accordance with Section 7.14 of the Plan.

(d) Exculpation. Except to the extent of any willful misconduct or gross negligence, none of L&H NV, Post Effective Date L&H, or any of the L&H NV Parties (but solely in their capacities as L&H NV Parties) shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of, (a) the Chapter 11 Case, (b) the pursuit of confirmation of the Plan, (c) the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, (d) the Plan, (e) the negotiation, formulation and preparation of the Plan and any of the terms, settlements and compromises reflected in the Plan, and, in all respects, Post Effective Date L&H and each of the L&H NV Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan; provided, however, that the exculpation contained in Section 13.2 of the Plan shall not apply, (x) with respect to the L&H NV Parties, to acts or omissions that occurred prior to the Petition Date, and (y) solely with respect to Post Effective Date L&H, the Litigation Trust, the Plan Administrator, the Litigation Trustee or the Curators, to acts or omissions that occur after the Effective Date.

30. Settlement with the Baker Parties.

(a) Notwithstanding any provision to the contrary contained in this Confirmation Order, the Plan or the Plan Supplement, the entry of this Order and the confirmation of the Plan are without prejudice to, and are not intended to modify or alter, the rights of the parties under that certain Stipulation And Order Between Lernout & Hauspie Speech Products N.V. And L&H Holdings USA, Inc. And Baker Parties Compromising And Settling Claims, dated January 31, 2002.

31. Approval of Litigation Trustee, Plan Administrator and the Initial Members of Litigation Monitoring Committee.

(a) The appointment of A. Edwin Matthews, Michael Curran and Albert V. DeLeon as the initial members of the Litigation Monitoring Committee, as set forth, in Exhibit E to the Plan Supplement, is approved. This Court approves the selection and appointment of Scott L. Baena as Litigation Trustee as of the Effective Date. The Litigation Trust, the Litigation Monitoring Committee, and the Litigation Trustee are

authorized to carry out all duties as set forth in the Plan and the Litigation Trust Agreement.

(b) This Court approves the selection and appointment of Scott L. Baena as Plan Administrator as of the Effective Date. Nothing set forth herein shall prevent any of the foregoing individuals from resigning as a Litigation Monitoring Committee Member, Litigation Trustee or Plan Administrator, as the case may be, without further order of this Court. If a vacancy in the Litigation Monitoring Committee, or the position of Litigation Trustee or Plan Administrator occurs for any reason following the Effective Date, such vacancies shall be filled in accordance with the Litigation Trust Agreement or the Plan Administration Agreement, as applicable.

32. General Authorizations. Post Effective Date L&H is hereby authorized and empowered pursuant to section 1142(b) of the Bankruptcy Code to issue, execute, deliver, file and record any documents, Bankruptcy Court papers or pleadings, and to take any and all actions that are necessary or desirable to implement, effect or consummate the transactions contemplated by the Plan whether or not specifically referred to in the Plan or related documents and without further application to or order of this Court.

33. Transfer to Belgian Curators. L&H NV or Post Effective Date L&H is hereby directed to transfer \$14,850,000 in Cash to the Curators, or an account designated by the Curators, for administration in the Belgian Case and for the benefit of Belgian Priority Claims in accordance with the terms of the Plan on the Effective Date.

34. Securities Law Claims. The treatment of the Securities Law Claims as provided in the Plan is valid, appropriate, in the best interests of the Estate, and is hereby approved and authorized in all respects.

35. Plan Administration Agreement and Litigation Trust Agreement. On the Effective Date, the Plan Administration Agreement and the Litigation Trust Agreement shall be deemed to be effective without any further action on the part of L&H NV or Post Effective Date L&H.

36. Claims in the Belgian Case. In accordance with section 508(a) of the Bankruptcy Code, any creditor that receives any consideration on behalf of a claim in the Belgian Case shall be prohibited from receiving a Distribution on such claim until all other creditors with claims of equal priority receive a Distribution equal in value to the consideration received by such creditor in the Belgian Case.

37. L&H Asset Allocation. The allocation of L&H NV's assets between the Chapter 11 Case and the Belgian Case as set forth in the Plan is fair, reasonable, appropriate, in the best interest of the Estate, and is hereby approved.

38. Cancellation of Equity Interests. Effective as of the Effective Date, in accordance with Section 7.15 of the Plan, the Equity Interests shall be cancelled and be deemed null and void and worthless with respect to the Chapter 11 Assets.

39. Exemption from Stamp Taxes.

(a) Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of any security, or the making, delivery, filing, or recording of any instrument of transfer, under the Plan shall not be taxed under any law imposing a stamp tax, transfer tax, or similar tax.

(b) Without limiting the generality of subparagraph (a) of this paragraph, the making, delivery, filing, or recording at any time of any deed, bill of sale, mortgage, leasehold mortgage, deed of trust, leasehold deed of trust, memorandum of lease, notice of lease, assignment, leasehold assignment, security agreement, financing statement, or other instrument of absolute or collateral transfer required, or deemed necessary or desirable, by L&H NV, Post Effective Date L&H or the Plan Administrator, and other agreements or instruments related thereto shall not be so taxed.

(c) All filing or recording officers, wherever located and by whomever appointed, are hereby directed to accept for filing or recording, and to file or record immediately upon presentation thereof, all such deeds, bills of sale, mortgages, leasehold mortgages, deeds of trust, leasehold deeds of trust, memoranda of lease, notices of lease, assignments, leasehold assignments, security agreements, financing statements, and other instruments of absolute or collateral transfer without payment of any stamp tax, transfer tax, or similar tax imposed by federal, state, or local law. Notice in substantially the form annexed hereto as Exhibit B, (i) shall have the effect of an order of this Court, (ii) shall constitute sufficient notice of the entry of this Order to such filing and recording officers, and (iii) shall be a recordable instrument notwithstanding any contrary provision of nonbankruptcy law. This Court specifically retains jurisdiction to enforce the foregoing direction, by contempt or otherwise.

40. Conflicts. In the event of any conflict or inconsistency between the terms of (a) the Plan, (b) this Order, (c) the Disclosure Statement, (d) the Plan Administration Agreement, and (e) the Litigation Trust Agreement, the terms of this Order shall control; provided, however, that if the terms of the applicable document(s) (i) do not expressly resolve the issue under consideration, or (ii) are ambiguous with regard to such issue, Post Effective Date L&H, the Plan Administrator, the Litigation Trustee or other parties-in-interest, on such notice as may be appropriate, may seek such relief from this Court as may be necessary.

41. Dissolution of L&H Creditors' Committee. On the Effective Date, the Committee shall be deemed dissolved with respect to the estate of L&H NV and the members of the Committee shall be deemed released from all rights and duties arising from or related to the Chapter 11 Case. With respect to services performed relating to the L&H NV Estate, the professionals retained by the Committee and the members thereof shall not be entitled to compensation or reimbursement of expenses for any services rendered after the Effective Date, except as otherwise ordered by this Court or for services rendered and expenses incurred in connection with any applications for allowance of compensation and reimbursement of expenses pending on the Effective Date or filed after the Effective Date.

42. Plan and Confirmation Order Binding. Pursuant to section 1141 of the Bankruptcy Code, effective as of the Confirmation Date, but subject to the occurrence of the Effective Date, and except as expressly provided in the Plan or this Order, the provisions of the Plan and this Order shall be binding upon (a) L&H NV, (b) all holders of Claims against or Equity Interests in L&H NV, whether or not impaired under the Plan and whether or not, if impaired, such holders accepted the Plan, (c) each Person or Entity acquiring property under the Plan, (d) any other party in interest, (e) any Person or Entity making an appearance in the Chapter 11 Case, and (f) each of the foregoing respective heirs, successors, assigns, trustees, executors, administrators, affiliates, officers, directors, agents, representatives, attorneys, beneficiaries or guardians.

43. Plan Provisions to Be Given Effect. The failure specifically to include or reference any particular provision of the Plan in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Plan be confirmed in its entirety.

44. The Record. The record of the Confirmation Hearing is closed. The findings of fact and conclusions of law of this Court set forth herein and at the Confirmation Hearing shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, as made applicable herein by Bankruptcy Rule 9014, and the findings of fact and conclusions of the Court at the Confirmation Hearing are incorporated herein by reference.

45. Final Fee Application for Professional Fees. Unless otherwise ordered by the Court, all final fee applications for Professional Fees (a) based on services rendered prior to the Effective Date or (b) pursuant to sections 503(b) and 507 of the Bankruptcy Code for services rendered, or costs and expenses of preserving the estate of L&H NV, shall be filed with this Court and served upon L&H NV and the office of the United States Trustee, no later than sixty (60) days after the Effective Date. Any professional, retained in this Chapter 11 Case pursuant to sections 327 and 1103 of the Bankruptcy Code or otherwise, or other Person or creditor that fails timely to file a fee application for final allowance of Professional Fees shall be forever barred from asserting such Claims against L&H NV or Post-Effective Date L&H, and L&H NV and Post-Effective Date L&H shall not be obligated to pay such Claims. Objections to such fee applications, if any, shall be filed and served on Post Effective Date L&H, the Office of the U.S. Trustee, and the requesting Person or Entity no later than seventy-five (75) days after the Effective Date. Final allowance of Professional Fees shall be subject to approval by the Court following a hearing. The Court shall retain jurisdiction to determine such fee requests, and the right to extend or change the timetables established herein.

46. Failure to Consummate Plan. In the event that one or more of the conditions specified in Section 11.2 of the Plan have not occurred (or been waived in accordance with Section 11.3 of the Plan) on or before 120 days after the Confirmation Date, upon notification submitted by the Committee to the Bankruptcy Court and counsel for the Debtor, (a) the Confirmation Order shall be vacated, (b) no distributions under the Plan shall be made, (c) the Debtor and all holders of Claims and Equity Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred and (d) the Debtor's obligations with respect to the Claims and Equity Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or

release of any Claims or Equity Interests by or against the Debtor or any other Person or Entity or to prejudice in any manner the rights of the Debtor or any Person or Entity in any further proceedings involving the Debtor.

47. Retention of Jurisdiction. This Court shall retain jurisdiction in accordance with the terms of Section 14.1 of the Plan, the other provisions of this Order, and section 1142 of the Bankruptcy Code. Until this Chapter 11 Case is closed, any party in interest may commence a proceeding in this Court in respect of any matter as to which jurisdiction has been retained.

48. Notice of Entry of Confirmation Order. In accordance with Bankruptcy Rules 2002 and 3020(c), on or before the Effective Date, the Committee (or its agents) shall give notice of the entry of this Order, in substantially the form of the proposed notice attached as Exhibit C hereto (the "Notice of Confirmation"), which is hereby approved, by United States first class mail postage prepaid, by hand or by overnight courier service to, without duplication, (a) the United States Trustee, (b) counsel for the Debtor, (c) the entities that requested notice of amendments to the Plan, the Disclosure Statement and other documents or who objected to the Disclosure Statement or confirmation of the Plan, (d) entities that requested notices under Bankruptcy Rule 2002, and (e) all creditors that have filed proofs of claim or requests for payment for administrative expenses in this Chapter 11 Case or that are scheduled in L&H NV's schedules of assets and liabilities, or any amendment or modification thereto.

49. Returned Mail. Notwithstanding anything to the contrary herein, no notice or service of any kind will be required to be mailed or made upon any person to whom the Committee mailed a notice of the Disclosure Statement Hearing or the various packages containing, among other things, notice of the date for the Confirmation Hearing, but received any of such notices returned by the United States Postal Service marked "undeliverable as addressed," "moved - left no forwarding address" or "forwarding order expired," or similar reason, unless the Committee has been informed in writing by such person of that person's new address.

50. Authorization to Close. This Court directs that Federal Rule of Bankruptcy Rule 3020(e) shall not apply to this Order and authorizes the plan proponents to consummate the Plan immediately after entry of this Order, except as otherwise provided in this Order.

51. Sufficiency of Notice of Confirmation. Mailing of the Notice of Confirmation in the time and manner as set forth in paragraph 48 is adequate and satisfies the requirements of Bankruptcy Rules 2002 and 3020(c), and no further notice is necessary.

Dated: Wilmington, Delaware  
May 30, 2003



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UNITED STATES BANKRUPTCY JUDGE



## **TABLE OF EXHIBITS TO CONFIRMATION ORDER**

- |           |   |
|-----------|---|
| Exhibit A | The Plan  |
| Exhibit B | Notice to Filing and Recording Officers of Entry and<br>Terms of Confirmation Order |
| Exhibit C | Form of Notice of Entry of Confirmation Order                                       |

**Exhibit A**

**The Plan**

**Exhibit B**

**Notice to Filing and Recording Officers  
of Entry and Terms of Confirmation Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

-----X	:	
In re:	:	Chapter 11
	:	
LERNOUT & HAUSPIE	:	Case No. 00-4398 (JHW)
SPEECH PRODUCTS N.V.,	:	
	:	
Debtor.	:	
-----X	:	

**NOTICE TO FILING AND RECORDING OFFICERS  
OF ENTRY AND TERMS OF CONFIRMATION ORDER**

TO ALL FILING AND RECORDING OFFICERS:

PLEASE TAKE NOTICE that on May 29, 2003, the United States Bankruptcy Court for the District of Delaware entered the Findings of Fact and Conclusions of Law Relating To, And Order Under 11 U.S.C. § 1129 Confirming, The Official Committee of Unsecured Creditors' Plan of Liquidation for Lernout & Hauspie Speech Products N.V. under Chapter 11 of the Bankruptcy Code, dated March 11, 2003 (the "Confirmation Order"). (Capitalized terms not defined in this notice have the meanings ascribed to them in the Confirmation Order or Plan). A copy of the Confirmation Order and the Plan are annexed hereto.

PLEASE TAKE FURTHER NOTICE that paragraph 38 of the Confirmation Order provides as follows:

(a) Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of any security, or the making, delivery, filing, or recording of any instrument of transfer, under the Plan shall not be taxed under any law imposing a stamp tax, transfer tax, or similar tax.

(b) Without limiting the generality of subparagraph (a) of this paragraph, the making, delivery, filing, or recording at any time of any deed, bill of sale, mortgage, leasehold mortgage, deed of trust, leasehold deed of trust, memorandum of lease, notice of lease, assignment, leasehold assignment, security agreement, financing statement, or other instrument of absolute or collateral transfer required, or deemed necessary or desirable, by L&H NV, Post Effective Date L&H or the Plan Administrator, and other agreements or instruments related thereto shall not be so taxed.

(c) All filing or recording officers, wherever located and by whomever appointed, are hereby directed to accept for filing or recording, and to file or record immediately upon presentation thereof, all such deeds, bills of sale, mortgages, leasehold mortgages, deeds of trust, leasehold deeds of trust, memoranda of lease, notices of lease, assignments, leasehold assignments, security agreements, financing statements, and other instruments of absolute or collateral transfer without payment of any stamp tax, transfer

tax, or similar tax imposed by federal, state, or local law. This Notice, (i) shall have the effect of an order of this Court, (ii) shall constitute sufficient notice of the entry of this Order to such filing and recording officers, and (iii) shall be a recordable instrument notwithstanding any contrary provision of nonbankruptcy law. This Court specifically retains jurisdiction to enforce the foregoing direction, by contempt or otherwise.

Dated: May 29, 2003  
Wilmington, Delaware

BY ORDER OF THE BANKRUPTCY COURT  
Judith H. Wizmur,  
Bankruptcy Judge

**Exhibit C**

**Form of Notice of Entry of Confirmation Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

----- x	:	
In re:	:	Chapter 11
	:	
LERNOUT & HAUSPIE	:	Case No. 00-4398 (JHW)
SPEECH PRODUCTS N.V.,	:	
	:	
Debtor.	:	
----- x		

**NOTICE OF ENTRY OF ORDER UNDER 11 U.S.C. § 1129 CONFIRMING  
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF  
LIQUIDATION FOR LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

TO ALL HOLDERS OF CLAIMS AGAINST AND HOLDERS OF EQUITY INTERESTS IN  
LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that, on May 29, 2003, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered the Findings of Fact and Conclusions of Law Relating To, And Order Under 11 U.S.C. § 1129 Confirming, The Official Committee of Unsecured Creditors' Plan of Liquidation for Lernout & Hauspie Speech Products N.V. under chapter 11 of the Bankruptcy Code (such plan of liquidation, as modified and amended, being the "Plan," and such order being the "Order"). Capitalized terms not defined in this notice have the meanings ascribed to them in the Order or the Plan.

PLEASE TAKE FURTHER NOTICE that, subject to the occurrence of the Effective Date, the provisions of the Plan bind L&H NV, any person or entity acquiring property under the Plan, and any holder of a Claim or Equity Interest, whether or not the Claim or Equity Interest of such creditor or equity security holder is impaired under the Plan and whether or not such creditor or equity security holder has accepted the Plan.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan, Priority Non-Tax Claims are unimpaired. Holders of Priority Non-Tax Claims will either be paid in full in Cash on the Effective Date or receive such treatment as to which L&H NV or Post Effective Date L&H, as the case may be, and such holder agree in writing. Unsecured Claims, PERS/Old Convertible Subordinated Notes Claims, Common Stock, Securities Law Claims and Other Equity Interests are impaired and will receive only those distributions provided under the Plan.

**PLEASE TAKE FURTHER NOTICE** that, except as otherwise provided in the Plan or Confirmation Order (including any right to receive Distributions under the Plan) or a separate order of the Bankruptcy Court, as of the Effective Date, all Entities that have held, currently hold or may hold a Claim or other debt or Liability that would be discharged or an Equity Interest or other right of an equity security holder that is terminated and canceled pursuant to the terms of the Plan, are permanently enjoined from taking any of the following actions on account of any such Claims, debts or liabilities or terminated and canceled Equity Interests or rights: (1) commencing or continuing in any manner any action or other proceeding against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; (2) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against Post Effective Date L&H, the Estate or properties and interests in properties of each of the foregoing; (3) creating, perfecting or enforcing any lien or encumbrance against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; (4) asserting a setoff, right of subrogation or recoupment of any kind against any obligation due to Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; and (5) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan and the Confirmation Order. In addition, all holders of Belgian Priority Claims shall be prohibited from asserting such claims in the Chapter 11 Case or seeking consideration pursuant to the Plan on account of a Belgian Priority Claim. Such injunction shall extend to all successors of the Debtor and its creditors. Nothing in the Plan or the Confirmation Order shall prohibit, impede or prevent any party from pursuing a claim or taking any other action in the Belgian Case, or from pursuing a claim or taking any action against any assets other than the Chapter 11 Assets.

**PLEASE TAKE FURTHER NOTICE** that, nothing in the Plan or the Confirmation Order shall be deemed to discharge, enjoin, restrict or otherwise impair any rights that may exist in favor of a person or entity to assert any defensive rights of setoff or recoupment with respect to any cause of action that may be asserted against such person or entity by the Debtor or successor in interest to the Debtor, including the Litigation Trust described therein.

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the Plan and the Order, the satisfaction pursuant to Section 12.3 of the Plan shall also act as an injunction against any Entity commencing or continuing any action, employment of process, or other act against L&H NV or Post Effective Date L&H to collect, offset, or recover any Claim or Cause of Action satisfied, or released under the Plan.



PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan and the Order, in accordance with Section 7.4.2 of the Plan, and subject to Section 7.14 of the Plan, all of the Assigned Causes of Action that belong to or could have been raised by or on behalf of L&H NV or its respective Estate, shall be deemed transferred and assigned to the Litigation Trust. The assignment shall include, but is not limited to, that certain Cause of Action commenced by Kemper Indemnity Insurance Company against, inter alia, L&H NV bearing Civil Action No. 03-CV-2214 (S.D.N.Y.). Post Effective Date L&H and the Litigation Trust, as the case may be, as the successors to the Debtor, shall retain and may prosecute any of the foregoing as a defense or counterclaim to any Claim, Counterclaim or action, including, but not limited to, any rights under section 502(d) of the Bankruptcy Code. All other Causes of Action are being retained by Post Effective Date L&H in accordance with Section 7.14 of the Plan

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan and the Order, except to the extent of any willful misconduct or gross negligence, none of L&H NV, Post Effective Date L&H, or any of the L&H NV Parties (but solely in their capacities as L&H NV Parties) shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of, (a) the Chapter 11 Case, (b) the pursuit of confirmation of the Plan, (c) the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, (d) the Plan, (e) the negotiation, formulation and preparation of the Plan and any of the terms, settlements and compromises reflected in the Plan, and, in all respects, Post Effective Date L&H and each of the L&H NV Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan; provided, however, that the exculpation contained in this Section 13.2 of the Plan shall not apply, (x) with respect to the L&H NV Parties, to acts or omissions that occurred prior to the Petition Date, and (y) solely with respect to Post Effective Date L&H, the Litigation Trust, the Plan Administrator, the Litigation Trustee or the Curators, to acts or omissions that occur after the Effective Date.

PLEASE TAKE FURTHER NOTICE that, any party in interest wishing to obtain a copy of the Order may request such copy at their own expense by contacting Colin M. Adams, Esq., Akin Gump Strauss Hauer & Feld LLP, 590 Madison Avenue, New York, NY 10022, at (212) 872-1000. Copies of the Order may also be reviewed during regular business hours at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 6th Floor, Wilmington, Delaware 19801, or may be viewed at the Bankruptcy Court's website, [www.deb.uscourts.gov](http://www.deb.uscourts.gov).

Dated: May 29, 2003  
Wilmington, Delaware

BY ORDER OF THE BANKRUPTCY COURT  
Judith H. Wizmur,  
Bankruptcy Judge

## **TABLE OF EXHIBITS TO CONFIRMATION ORDER**

- |                  |   |
|------------------|---|
| <b>Exhibit A</b> | <b>The Plan</b>   |
| <b>Exhibit B</b> | <b>Notice to Filing and Recording Officers of Entry and<br/>Terms of Confirmation Order</b> |
| <b>Exhibit C</b> | <b>Form of Notice of Entry of Confirmation Order</b>  |

**Exhibit A**

**The Plan**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

..... x  
In re: : Chapter 11  
: Case No. 00-4398 (JHW)  
LERNOUT & HAUSPIE SPEECH :  
PRODUCTS N.V., :  
: :  
Debtor. :  
..... x

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF  
LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.'S PLAN OF  
LIQUIDATION FOR LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

**AKIN GUMP STRAUSS HAUER & FELD LLP**  
590 Madison Avenue  
New York, New York 10022-2524  
(212) 872-1000

- and -

**MONZACK & MONACO, P.A.**  
1201 Orange Street  
Wilmington, DE 19801  
(302) 656-8162

Attorneys for the Official Committee of Unsecured  
Creditors of Lernout & Hauspie Speech Products N.V.

Dated: March 11, 2003

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**THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF  
LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.'S PLAN OF  
LIQUIDATION FOR LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

The Official Committee of Unsecured Creditors of Lernout & Hauspie Speech Products N.V. proposes the following Plan of Liquidation pursuant to the provisions of Chapter 11 of the Bankruptcy Code:

**SECTION I**

**DEFINITIONS**

The following terms, when used in the Plan or any subsequent amendments or modifications thereof, shall have the meanings defined below:

1.1 "Administrative Expense Claim" means any right to payment constituting a cost or expense of administration of the Chapter 11 Case Allowed under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses of preserving the Chapter 11 Assets, (b) any actual and necessary costs and expenses of operating the businesses related to the Chapter 11 Assets, (c) any indebtedness or obligations incurred or assumed by the Debtor in the ordinary course of business in connection with the Chapter 11 Assets, (d) claims for reclamation of the Chapter 11 Assets Allowed in accordance with section 546(c)(2) of the Bankruptcy Code pursuant to a Final Order, (e) any Professional Fees, whether fixed before or after the Effective Date, (f) any fees or charges assessed against and payable by the Estate of the Debtor under section 1930, Chapter 123, title 28, United States Code, including post-Confirmation Date and post-Effective Date fees and charges, and (g) the Indenture Trustees' Fees. No Belgian Priority Claim shall constitute an Administrative Expense Claim.

1.2 "Affiliate" shall have the meaning ascribed to such term in section 101(2) of the Bankruptcy Code.

1.3 "Allowed" means, with reference to any Claim (including any Administrative Expense Claim or Belgian Claim) in the Chapter 11 Case, (a) any Claim against or Equity Interest in the Debtor, proof of which was filed within the applicable period of limitation fixed by the Bankruptcy Court in accordance with Rule 3003(c)(3) of the Bankruptcy Rules (i) as to which no objection to the allowance thereof, or action to equitably subordinate or otherwise limit recovery with respect thereto, has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or a Final Order, (ii) as to which no action has been commenced to avoid such Claim or Equity Interest within the applicable period of limitation fixed by the Plan, or (iii) as to which an objection has been interposed, to the extent such Claim or Equity Interest has been allowed (whether in whole or in part) by a Final Order, (b) if no proof of Claim was so filed, any Claim against the Debtor which has been listed by the Debtor on its Schedules, as liquidated in amount and not disputed or contingent (or as to which the applicable proof of Claim has been withdrawn or Disallowed), (c)

if no proof of Equity Interest was so filed, any Equity Interest listed in the consolidated stockholders list maintained by L&H NV as of the Record Date, (d) any Claim arising from the recovery of property under sections 550 or 553 of the Bankruptcy Code and allowed in accordance with section 502(h) of the Bankruptcy Code, (e) any Claim allowed under or pursuant to the terms of the Plan, (f) with respect to an Old Convertible Subordinated Notes Claim, or any portion thereof held by any Person or Entity listed on the Old Convertible Subordinated Notes Indenture Trustee's note register in accordance with sections 2.5(a) and 5.2 of the Old Convertible Subordinated Notes Indenture as of the Record Date, and (g) any Claim to the extent that it has been allowed by a Final Order. Unless otherwise specified herein or by order of the Bankruptcy Court, "Allowed Claims" shall not, for any purpose under the Plan, include interest, penalties or late charges on such Claims from and after the Petition Date. In addition, "Allowed Claim" shall not include (i) any Claim subject to disallowance in accordance with section 502(d) of the Bankruptcy Code, (ii) any Claim allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court or (iii) any Belgian Priority Claim.

1.4 "Allowed Unsecured Claim Trust Interests" shall have the meaning ascribed to such term in Section 5.2.3(a) of the Plan.

1.5 "Assigned Causes of Action" means collectively, any and all Causes of Action of L&H NV, including, without limitation, any Causes of Action assigned to the Debtor pursuant to the L&H Holdings Plan and pursuant to the Stipulation And Order Between Lernout & Hauspie Speech Products N.V. And L&H Holdings USA, Inc. And Baker Parties Compromising And Settling Claims, dated January 31, 2002, but with respect to all of the foregoing, excluding (i) Causes of Action released in accordance with Section 13.2 of the Plan; (ii) any and all Causes of Action settled or resolved in the Plan or pursuant to a Final Order of the Bankruptcy Court; and (iii) any Causes of Action asserted against any third party who has asserted a Claim against the Debtor unless and until (a) the Plan Administrator has asserted any and all of the Debtor's counterclaims against such third party or rights to setoff or recoupment against such third party, including the Debtor's rights under section 502(d) of the Bankruptcy Code, and (b) such counterclaims, rights to setoff or recoupment, or rights under section 502(d) of the Bankruptcy Code have been determined by a Final Order or otherwise.

1.6 "Assumption And Assignment Schedule" means the schedule of executory contracts and unexpired leases designated in the Plan Supplement, as may be the case, assumption or assumption and assignment as of the Effective Date of the Plan, pursuant to sections 365 and 1123(b)(2) of the Bankruptcy Code and Sections 10.1 and 10.2 of the Plan.

1.7 "Available Cash" means at any time, the Cash held by Post Effective Date L&H on account of the Chapter 11 Assets (including the net proceeds from any sales of Chapter 11 Assets and any Distributions received, either directly or derivatively, from L&H Holdings pursuant to the L&H Holdings Plan or from Reorganized Dictaphone pursuant to the Dictaphone Plan), along with the non-cash proceeds of any Chapter 11 Asset Transfers; provided, however, that such non-cash proceeds shall include the common stock of Reorganized Dictaphone distributed to L&H NV pursuant to the Dictaphone Plan, *minus* (i) the amount of Cash necessary to satisfy or reserve for all Allowed Class 2 Secured Claims, Administrative Expense Claims,

Priority Tax Claims, Class 1 Priority Non-Tax Claims, and Cash held in any Disputed Claims Reserve, (ii) the amount of Cash determined from time to time by the Plan Administrator to be necessary to fund adequately the administration of the Plan and Post Effective Date L&H on and after the Effective Date, and (iii) the Litigation Trust Reserve and the Litigation Monitoring Committee Reserve.

1.8 "Avoidance Actions" means any and all avoidance or recovery actions under sections 502(d), 542, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code.

1.9 "Ballot" means the form or forms distributed to each holder of an impaired Claim on which form or forms such holder of a Claim may, among other things, vote to accept or reject the Plan.

1.10 "Bankruptcy Code" means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Case, as in effect on the Confirmation Date.

1.11 "Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 11 Case and, to the extent of any reference under section 157 of title 28 of the United States Code, the unit of such District Court under section 151 of the United States Code.

1.12 "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075, title 28, United States Code, and the Local Rules of the Bankruptcy Court, as amended from time to time and applicable to the Chapter 11 Case.

1.13 "Belgian Assets" means the assets attributable to the Debtor's business operations in Belgium as determined by the allocation described in more detail in Section IV.M of the Disclosure Statement plus an additional \$5,091,386 in Cash to be transferred to the Curators for distribution to Belgian Priority Claims.

1.14 "Belgian Case" means the Debtor's bankruptcy proceeding currently pending in Belgium.

1.15 "Belgian Claims" means general, unsecured claims for which proofs of claim (or their functional equivalent under Belgian law) were validly filed in the Belgian Case, which claims will be transferred to the Chapter 11 Case, deemed timely filed therein, and subject to administration and allowance solely and exclusively in the Chapter 11 Case. The priority and validity of each Belgian Claim will be determined solely and exclusively in the Chapter 11 Case in accordance with the Bankruptcy Code and Bankruptcy Rules.

1.16 "Belgian Priority Claims" means claims entitled to priority in the Belgian Case including, but not limited to, (i) the claims which are the subject of the Emergency Motion Of Lernout & Hauspie Speech Products N.V., Pursuant To 11 U.S.C. §§ 105(a), 363(b)(1), And 503(b), For Entry Of Order Authorizing Payment Of Certain Administrative Expense Claims Relating To Post-Petition (A) Statutorily Mandated Employee Payments; (B) Belgian Social Security Taxes; (C) Belgian Employee Withholding Taxes; And (D) Belgian Real Estate Taxes

filed by L&H NV on March 31, 2003, (ii) any claims of a Belgian governmental unit, Rijksdienst voor Sociale Zekerheid, Ministerie Vlaamse Gemeenschap, or Ministerie Van Financien, (iii) any claims for taxes imposed under Belgian law, including, but not limited to, social security tax, real estate tax, income tax, wage tax, employee withholding tax, mandatory severance payments, and (iv) any professional fee claims relating to the Belgian Case, including, but not limited to, fees and expenses of the Curators and the commissioners. The Belgian Priority Claims will not participate or receive any consideration under the Plan. The Belgian Priority Claims will be administered solely and exclusively in the Belgian Case.

1.17 "Belgian Revolving Credit Facility" means that certain Revolving Credit Facility Agreement, dated as of May 2, 2000, by and among the Debtor, as the borrower, and the Lenders, as the lenders.

1.18 "Business Day" means any day other than (i) a Saturday, (ii) a Sunday, (iii) any other day on which banking institutions in New York, New York are required or authorized to close by law or executive order, and (iv) the Friday after Thanksgiving.

1.19 "Cash" means legal tender of the United States of America. When applicable, and except as provided in Section 7.4.8 below, the conversion rate among the United States Dollar (\$) and the Euro (€) shall be the spot conversion rate expressed in Dollars per Euro, as published at 10 a.m. Eastern Standard Time by the Federal Reserve Bank of New York on the Petition Date.

1.20 "Cash Investment Yield" means the net yield earned by Post Effective Date L&H from the investment of Cash held pending distribution in accordance with the provisions of the Plan.

1.21 "Causes of Action" means any and all actions, causes of action, liabilities, controversies, promises, agreements, obligations, rights, suits, debts, sums of money, damages, judgments, claims and demands whatsoever, whether known or unknown, reduced to judgment or not reduced to judgment, liquidated or unliquidated, contingent or non-contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Case (including through the Effective Date), including, without limitation, the Avoidance Actions and any Causes of Action assigned to the Debtor pursuant to the L&H Holdings Plan.

1.22 "Chapter 11 Assets" means all of the Debtor's assets other than Belgian Assets.

1.23 "Chapter 11 Case" means the case commenced under Chapter 11 of the Bankruptcy Code by the Debtor pending in the Bankruptcy Court, as referenced by Case No. 00-4398 (JHW), which is consolidated administratively under the same Case Number with the chapter 11 cases of Dictaphone (No. 00-4397 (JHW)) and L&H Holdings (No. 00-4399 (JHW)).

1.24 "Claim" means a claim against the Chapter 11 Assets, whether or not asserted, as defined in section 101(5) of the Bankruptcy Code.

1.25 "Class" means a category of holders of Claims or Equity Interests described in Section IV hercof.

1.26 "Collateral" means any Chapter 11 Asset subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or other applicable law.

1.27 "Committee" means the official committee of unsecured creditors appointed by the United States Trustee in the chapter 11 cases of L&H NV, Dictaphone, and L&H Holdings on December 13, 2000 and as reconstituted on February 28, 2001 to represent unsecured creditors of L&H NV and L&H Holdings (and, prior to February 28, 2001, also to represent the unsecured creditors of Dictaphone), as such committee may be constituted from time to time. Subsequent to the L&H Holdings Plan becoming effective on September 23, 2002, the Committee only represents the unsecured creditors of L&H NV.

1.28 "Common Stock" means the common stock of L&H NV, with no par value, authorized and outstanding on the Petition Date, including all rights, claims and interests attendant thereto.

1.29 "Confirmation Date" means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court with respect to the Chapter 11 Case.

1.30 "Confirmation Hearing" means the hearing held by the Bankruptcy Court pursuant to section 1128(a) of the Bankruptcy Code on confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as it may be adjourned or continued from time to time.

1.31 "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan under section 1129 of the Bankruptcy Code.

1.32 "Curators" means the Official Receivers, and any receivers under the supervision of the Official Receivers, appointed by the Belgian Court pursuant to the Judgment On Petition of the Belgian Court dated October 24, 2001 and October 25, 2001.

1.33 "Cure" means the Distribution of Cash, or such other property as may be agreed upon by the parties and/or ordered by the Bankruptcy Court, with respect to the assumption of an executory contract or unexpired lease, pursuant to section 365(b) of the Bankruptcy Code, in an amount equal to all accrued, due and unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties or ordered by the Bankruptcy Court, under such executory contract or unexpired lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law.

1.34 "Debtor" means L&H NV.



1.35 "Debtor in Possession" means the Debtor in its capacity as debtor in possession in the Chapter 11 Case under sections 1107(a) and 1108 of the Bankruptcy Code.

1.36 "Dictaphone" means Dictaphone Corporation, a Delaware corporation, formerly a wholly-owned subsidiary of L&H NV and debtor in possession, which emerged from chapter 11 case No. 00-4397 (JHW) on March 28, 2002 to become Reorganized Dictaphone.

1.37 "Dictaphone Guaranty" means that certain Limited Guaranty, dated as of May 30, 2000 and amended and restated on November 8, 2000, of Dictaphone for the benefit of the Lenders.

1.38 "Dictaphone Plan" means the Third Amended Plan Of Reorganization Of Dictaphone Corporation Under Chapter 11 Of Bankruptcy Code filed on January 31, 2002 in the Bankruptcy Court in Dictaphone's chapter 11 case (No. 00-4397 (JHW)) confirmed on March 13, 2002 and effective on March 28, 2002, including the plan supplement, the schedules and the exhibits thereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms thereof.

1.39 "Disallowed Claim" means (a) a Claim, or any portion thereof, that has been disallowed by a Final Order or (b) unless scheduled by the Debtor as a fixed, liquidated, non-contingent and undisputed Claim, a Claim as to which a proof of Claim filing deadline has been established by the Bankruptcy Code, Bankruptcy Rules or Final Order, but for which no proof of Claim has been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order.

1.40 "Disclosure Statement" means the disclosure statement relating to the Plan, including the exhibits and schedules thereto, as the same may be amended, modified or supplemented from time to time, as approved by the Bankruptcy Court pursuant to the Disclosure Statement Approval Order.

1.41 "Disclosure Statement Approval Date" means the date on which the Clerk of the Bankruptcy Court enters the Disclosure Statement Approval Order on the docket of the Bankruptcy Court with respect to the Chapter 11 Case approving the adequacy of the Disclosure Statement under section 1125 of the Bankruptcy Code.

1.42 "Disclosure Statement Approval Order" means the Final Order approving, among other things, the adequacy of the Disclosure Statement pursuant to section 1125 of the Bankruptcy Code, entered by the Bankruptcy Court on April 10, 2003.

1.43 "Disputed Claim" means a Claim, or any portion thereof, that is neither an Allowed Claim nor a Disallowed Claim.

1.44 "Disputed Claims Reserve" means a reserve of Cash, Available Cash, Litigation Trust Beneficial Interests, and/or other Distributions under the Plan, established herein for, among other things, the payment or other satisfaction of Disputed Claims that become Allowed Claims after the Effective Date, which reserve shall be held for the benefit of the

holders of Disputed Claims and, except as provided in Section 8.5 of the Plan, upon closure of a Disputed Claims Reserve, shall not constitute property of the Estate or Post Effective Date L&H.

1.45 "Distributions" means the distribution to be made in accordance with the Plan of, as the case may be: (a) Cash, (b) Litigation Trust Beneficial Interests, (c) Available Cash, and (d) any other consideration distributed to holders of Allowed Claims under the terms and provisions of the Plan.

1.46 "Effective Date" means the first Business Day on which (a) all conditions precedent set forth in Section 11.2 of the Plan have been satisfied or waived as provided in Section 11.3 of the Plan and (b) no stay of the Confirmation Order is in effect.

1.47 "Entity" shall have the meaning assigned to such term in section 101(15) of the Bankruptcy Code.

1.48 "Equity Interest" means, as of the Petition Date, any capital stock or other ownership interest in the Debtor, whether or not transferable, and any option, call, warrant or right to purchase, sell or subscribe for an ownership interest or other equity security in the Debtor, including, but not limited to, (i) the Old Capital Stock of the Debtor and (ii) redemption, conversion, exchange, voting, participation, dividend rights and liquidation, preferences relating to such Old Capital Stock.

1.49 "Estate" means, as to the Debtor and for the purposes of the Plan only, the Chapter 11 Assets.

1.50 "Excess Available Cash" shall have the meaning ascribed to such term in Section 5.2.3 of the Plan.

1.51 "Final Distribution Date" means the final Distribution of Available Cash to holders of Allowed Claims after resolution, abandonment or other disposition of all Disputed Claims, the liquidation into Cash of all of the Chapter 11 Assets, and the collection of other sums due or otherwise remitted or returned to Post Effective Date L&H.

1.52 "Final Order" means an order or judgment of the Bankruptcy Court as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for reargument or rehearing shall then be pending, provided, however, if an appeal, petition for certiorari, reargument or rehearing thereof has been filed or sought, such order of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied or reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired; provided, further, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.

1.53 "Indenture Trustees' Fees" means the reasonable prepetition and postpetition fees and expenses of the PIERS Indenture Trustee and the Old Convertible Subordinated Notes Indenture Trustee and their respective counsel as agreed to by the Plan Administrator or as allowed by the Bankruptcy Court.

1.54 "Intercompany Loan Agreement" means that certain Loan Agreement, dated May 5, 2000, in the amount of \$173 million between Dictaphone, as borrower, and L&H Coordination Centre C.V.B.A., as lender, as amended pursuant to that certain Amended and Restated Intercompany Loan Agreement dated November 20, 2000, and as may be in effect from time to time.

1.55 "Intercompany Loan Agreement Claims" means all Claims against Dictaphone asserted in its chapter 11 case (No. 00-4397 (JHW)) pending in the Bankruptcy Court arising from or under, or relating in any way to, the Intercompany Loan Agreement, including approximately (a) \$173 million in principal amount under such Intercompany Loan Agreement, (b) \$7.9 million in interest under such Intercompany Loan Agreement, and (c) other claims that were treated by Dictaphone in the Dictaphone Plan as being included in such Intercompany Loan Agreement Claim (although not formally documented under the Intercompany Loan Agreement), including (i) a claim in the amount of \$9.3 million for expenses of L&H NV incurred as a result of the acquisition of Dictaphone, (ii) a claim in the amount of \$3 million for cash advanced to Dictaphone by L&H NV prior to the commencement of the Chapter 11 Case, and (iii) a claim in the amount of \$2.6 million for allocation by L&H NV to Dictaphone of overhead charges.

1.56 "L&H Holdings" means L&H Holdings USA, Inc., a Delaware corporation and formerly a debtor and debtor in possession in chapter 11 case No. 00-4399 (JHW) currently pending before the Bankruptcy Court.

1.57 "L&H Holdings Plan" means the First Amended Plan Of Liquidation Of L&H Holdings USA, Inc. Under Chapter 11 Of The Bankruptcy Code, filed in L&H Holdings' chapter 11 case (No. 00-4399 (JHW)) on April 29, 2002, confirmed by the Bankruptcy Court on August 13, 2002, and effective on September 23, 2002.

1.58 "L&H NV" means Lernout & Hauspie Speech Products N.V., a corporation incorporated under Belgian laws as a "naamloze vennootschap" with registered seat at Flanders Language Valley, 899 Ieper, Belgium, registered with the Commercial Registers of Ieper under No. 31.360, Brussels under No. 610.455 and Antwerpen under No. 329.244, that is the Debtor and Debtor-in-Possession in the Chapter 11 Case.

1.59 "L&H NV Parties" means, collectively, (a) the Curators, (b) L&H NV and Post Effective Date L&H, (c) the Committee and the present and former members thereof, and (d) solely in respect of their specific capacities, such directors, officers, agents, attorneys, affiliates, employees, accountants, advisors and financial advisors of any of the foregoing who, with respect to each of the parties identified in subsections (b) and (c), has served in such capacities on or after November 1, 2001.

1.60 "Lenders" means those certain financial institutions acting as the lenders under the Belgian Revolving Credit Facility, and their respective successors or assigns with respect thereto, including Fortis Bank N.V., KBC Bank N.V., Artesia Banking Corporation N.V., Deutsche Bank N.V., and Dresdner Bank Luxembourg S.A.

1.61 "Liabilities" means any and all costs, expenses, actions, Causes of Action, suits, controversies, damages, claims, liabilities or demands of any nature, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, liquidated or unliquidated, matured or not matured, contingent or direct, whether arising at common law, in equity, or under any statute, based in whole or in part on any act or omission or other occurrence arising or taking place on or prior to the Effective Date relating to the Chapter 11 Assets.

1.62 "Lien" shall have the meaning ascribed to such term in section 101(37) of the Bankruptcy Code (but a lien that has or may be avoided pursuant to an Avoidance Action shall not constitute a Lien).

1.63 "Litigation Administrative Costs" shall have the meaning ascribed to such term in Section 7.4.8 of the Plan.

1.64 "Litigation Proceeds" shall have the meaning ascribed to such term in Section 7.4.9 of the Plan.

1.65 "Litigation Trust" means a litigation trust established pursuant to (a) Regulation 301.7701-4(d) of the Regulations of the United States Department of the Treasury and (b) Internal Revenue Procedure 94-45, and as a grantor trust, subject to the provisions of Subchapter J and Subpart E of the Internal Revenue Code of 1986 (as amended), owned by the Trust Beneficiaries as grantors, and to be established in accordance with Section 7.4 of the Plan.

1.66 "Litigation Trust Agreement" means the trust agreement pursuant to which the Litigation Trust shall be established, substantially in the form contained in the Plan Supplement.

1.67 "Litigation Trust Beneficiary" means a beneficiary of the Litigation Trust.

1.68 "Litigation Trustee" means Scott L. Baena, or any successor appointed by the Litigation Monitoring Committee.

1.69 "Litigation Trust Reserve" shall have the meaning ascribed to such term in Section 7.4.7 of the Plan.

1.70 "Litigation Trust Beneficial Interest" means the beneficial interest in the Litigation Trust being distributed to holders of certain Classes of Claims, as described in Section 7.4 of the Plan.

1.71 "Litigation Monitoring Committee" shall have the meaning ascribed to such term in Section 7.4.18 of the Plan.

1.72 "Litigation Monitoring Committee Reserve" shall have the meaning ascribed to such term in Section 7.4.7 of the Plan.

1.73 "Litigation Reserve" shall have the meaning ascribed to such term in Section 7.4.11 of the Plan.

1.74 "Maximum Recovery Amount" shall have the meaning ascribed to such term in Section 7.4.10(b) of the Plan.

1.75 "Old Capital Stock" means, with respect to the Debtor, collectively: (a) the Common Stock of the Debtor and (b) the Old Stock Options of the Debtor.

1.76 "Old Convertible Subordinated Notes" means the 8% Convertible Subordinated Notes Due 2001, issued under that certain Indenture, dated as of November 20, 1996, between L&H NV and the Old Convertible Subordinated Notes Indenture Trustee.

1.77 "Old Convertible Subordinated Notes Claims" means all claims (including, but not limited to, all Claims), directly or indirectly, against the Debtor arising from or under, or relating in any way to, the Old Convertible Subordinated Notes or the Old Convertible Subordinated Notes Indenture.

1.78 "Old Convertible Subordinated Notes Indenture" means that certain Indenture, dated as of November 20, 1996, between L&H NV and the Old Convertible Subordinated Notes Indenture Trustee, as trustee.

1.79 "Old Convertible Subordinated Notes Indenture Trustee" means The Bank of New York in its capacity as successor indenture trustee under the Old Convertible Subordinated Notes Indenture.

1.80 "Old Stock Options" means any options, warrants or other rights to purchase Common Stock of the Debtor, whenever granted.

1.81 "Person" shall have the meaning ascribed to such term in section 101(41) of the Bankruptcy Code.

1.82 "Petition Date" means November 29, 2000, the date on which L&H NV filed its chapter 11 petition and commenced the Chapter 11 Case.

1.83 "PIERS Indenture Trustee" means Wilmington Trust Company in its capacity as trustee under (a) that certain Multiple Series Indenture, dated as of May 27, 1998, between L&H NV and Wilmington Trust Company, as trustee, and (b) that certain First Supplemental Indenture, dated as of May 27, 1998, between L&H NV and Wilmington Trust Company, as trustee.

1.84 "PIERS/Old Convertible Subordinated Notes Claims" means, collectively, all Old Convertible Subordinated Notes Claims and PIERS Transaction Claims.

1.85 "PIERS Transaction Claims" means claims, including but not limited to Claims, against L&H NV based upon, arising from or under, or related to any of the following: (a) that certain Multiple Series Indenture, dated as of May 27, 1998, between L&H NV and Wilmington Trust Company, as trustee, (b) that certain First Supplemental Indenture, dated as of May 27, 1998, between L&H NV and Wilmington Trust Company, as trustee, (c) those certain 4.75% Convertible Junior Subordinated Debentures due 2008, issued by L&H NV, and (d) any guarantee by L&H NV of the 4.75% Preferred Income Equity Securities and 4.75% Common Securities issued under the foregoing agreements, including under that certain Guarantec Agreement, dated as of May 27, 1998, among L&H NV and Wilmington Trust Company.

1.86 "Plan" means the Official Committee Of Unsecured Creditors' Plan Of Liquidation For Lemout & Hauspie Speech Products N.V. Under Chapter 11 Of The Bankruptcy Code, including the Plan Supplement, the schedules (including the Assumption And Assignment Schedule) and exhibits hereto, either in its present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

1.87 "Plan Administrator" means Scott L. Baena. All references to Post Effective Date L&H shall include the Plan Administrator.

1.88 "Plan Administration Agreement" means the agreement by which the Plan Administrator shall be appointed, substantially in the form contained in the Plan Supplement.

1.89 "Plan Supplement" means the form of documents specified in Section 15.6 of the Plan, which are incorporated herein by reference.

1.90 "Plan Transactions" means the transactions effectuated or to be effectuated on or before the Effective Date pursuant to the terms of the Plan, including, but not limited to, the transactions described in Section VII of the Plan.

1.91 "Post Effective Date L&H" means, on and after the Effective Date, the successor to L&H NV and the Estate with respect to the Chapter 11 Assets (and any successor thereto by merger, consolidation or otherwise).

1.92 "Priority Non-Tax Claim" means any Claim of a kind specified in sections 507(a)(3), (4), (5), (6), (7) or (9) of the Bankruptcy Code. No Belgian Priority Claim shall constitute a Priority Non-Tax Claim.

1.93 "Priority Tax Claim" means any Claim of a governmental unit of the kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code. No Belgian Priority Claim shall constitute a Priority Tax Claim.

1.94 "Professional Fees" means any Claim of a professional, retained in the Chapter 11 Case, pursuant to sections 327, 328 and 1103 of the Bankruptcy Code or otherwise, for compensation or reimbursement of costs and expenses relating to services incurred prior to and including the Effective Date relating to the Chapter 11 Assets, when and to the extent any such Claim is Allowed by the Bankruptcy Court pursuant to sections 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code.

1.95 "Ratable Proportion" means, with reference to any Distribution on account of any Allowed Claim in any Class, the ratio (expressed as a percentage) that the amount of such Allowed Claim bears to the aggregate amount of Allowed Claims of the same Class plus all Disputed Claims in such Class.

1.96 "Record Date" means the record date for determining an entitlement to receive Distributions under the Plan on account of Allowed Claims, which with respect to holders of Allowed Claims (i) for the initial Distribution Date shall mean the Confirmation Date and (ii) for each subsequent Semi-Annual Distribution Date shall mean the twentieth (20) Business Day prior to such Semi-Annual Distribution Date.

1.97 "Reinstated" or "Reinstatement" means leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the holder of such Claim so as to leave such Claim unimpaired in accordance with section 1124 of the Bankruptcy Code, thereby entitling the holder of such Claim to, but not more than, (a) reinstatement of the original maturity of the obligations on which such Claim is based, and (b) payment, as provided herein, of an amount of Cash consisting solely of the sum of (i) matured but unpaid principal installments, without regard to any acceleration of maturity, accruing prior to the Effective Date, (ii) accrued but unpaid interest as of the Petition Date, and (iii) reasonable fees, expenses, and charges, to the extent such fees, expenses, and charges are Allowed under the Bankruptcy Code and are specifically provided for in the agreement or agreements on which such Claim is based; provided, however, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence or prohibiting certain transactions or actions contemplated by the Plan, or conditioning such transactions or actions on certain factors, shall not be required to be reinstated in order to accomplish Reinstatement.

1.98 "Reorganized Dictaphone" means, after the effective date of the Dictaphone Plan (i.e., March 28, 2002), Dictaphone and any successor thereby by merger, consolidation or otherwise.

1.99 "Schedules" means the schedules of assets and liabilities and the statements of financial affairs filed with the Bankruptcy Court on or about March 10, 2001 by the Debtor under section 521 of the Bankruptcy Code and the Official Bankruptcy Forms of the Bankruptcy Rules, as such schedules and statements existed on March 11, 2003, or may be amended, from time to time, with the prior written consent of the Committee, which consent may be withheld by the Committee in its sole and absolute discretion.

1.100 "Semi-Annual Distribution Date" shall have the meaning ascribed to such term in Section 7.2.1(b) of the Plan.

1.101. "Secured Claim" means a Claim secured by a Lien on Collateral to the extent of the value of the Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code, or as otherwise agreed upon in writing by the Plan Administrator and subject to the approval of the Bankruptcy Court. To the extent that the value of such interest is less than the amount of the Claim which has the benefit of such security, the unsecured portion of such

Claim is an Unsecured Deficiency Claim unless, in any such case, the Class of which such Claim is a part makes a valid and timely election under section 1111(b) of the Bankruptcy Code to have such Claim treated as a Secured Claim to the extent Allowed.

1.102 "Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.103 "Securities Class Actions/Suits" means the pending actions and lawsuits relating to the Securities Laws Claims.

1.104 "Securities Law Claim" means a Claim (1) arising from rescission of a purchase or sale of a security of the Debtor or an Affiliate of the Debtor; (2) for damages arising from the purchase or sale of such a security; (3) for reimbursement, indemnification, or contribution allowed under section 502 of the Bankruptcy Code on account of a Claim for damages or rescission arising out of a purchase or sale of a security of the Debtor or an Affiliate of the Debtor; or (4) for similar violations of the securities laws, misrepresentations, or any similar claim, including, to the extent related to the foregoing or subject to subordination under section 510(b) of the Bankruptcy Code, but not limited to, any attorneys' fees, other charges or costs incurred in connection with the foregoing, claims for indemnification relating to the foregoing, the Securities Class Actions/Suits, and those certain Claims asserted by Stonington Capital Partners, Inc., Stonington Capital Appreciation 1994 Fund, L.P. and Stonington Holdings LLC.

1.105 "Surplus Proceeds" shall have the meaning ascribed to such term in Section 7.4.10(b) of the Plan.

1.106 "Transfer" means any sale, assignment, lease, transfer, encumbrance, Lien, exchange, mortgage, pledge, hypothecation or other disposition, or the creation of a security interest or encumbrance, in whole or in part.

1.107 "United States Trustee" means the United States Trustee appointed under section 591, title 28, United States Code to serve in the District of Delaware.

1.108 "Unsecured Claim" means any claim that is (i) a Belgian Claim (ii) a Claim that is (a) the subject of a timely filed proof of claim, (b) listed in the Schedules (other than a claim listed as contingent, disputed or unliquidated), or (c) Allowed by a Final Order, and (iii) not an Administrative Expense Claim, Secured Claim, Priority Tax Claim, Priority Non-Tax Claim, PIERS/Old Convertible Subordinated Notes Claim, Belgian Priority Claim, or Securities Law Claim.

1.109 "Unsecured Deficiency Claim" means, with reference to a Claim secured by a Lien against Collateral, an amount equal to the difference between (a) the aggregate amount of such Claim after giving effect to the operation of section 1111(b)(1)(A) of the Bankruptcy Code and (b) the amount of such Claim that is a Secured Claim; provided, however, that, in the event that the Class in which such Secured Claim is classified makes the election under section 1111(b)(2) of the Bankruptcy Code in accordance with Rule 3014 of the Bankruptcy Rules, the



Unsecured Deficiency Claim otherwise relating to such Secured Claim shall be extinguished. An Unsecured Deficiency Claim is an Unsecured Claim.

1.110 "Voting Deadline" means the date set by the Bankruptcy Court pursuant to the Disclosure Statement Approval Order by which all Ballots for acceptance or rejection of the Plan must be received by the Committee or the Bankruptcy Court appointed balloting agent.

## SECTION II

### INTERPRETATION; APPLICATION OF DEFINITIONS, RULES OF CONSTRUCTION AND COMPUTATION OF TIME

Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. For purposes of the Plan (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, (b) any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented and (c) unless otherwise specified, all references in the Plan to Sections, Articles, and Exhibits are references to Sections, Articles, and Exhibits of or to the Plan. The words "herein," "hereof," "hereto," "hereunder," and other words of similar meaning refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. A capitalized term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code or in the exhibits hereto. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan. Unless otherwise indicated herein, all references to dollars means United States dollars. In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply.

## SECTION III

### PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY TAX CLAIMS AND OTHER UNCLASSIFIED CLAIMS

3.1 Administrative Expense Claims Each holder of an Allowed Administrative Expense Claim shall be paid Cash in full by Post Effective Date L&H, (i) upon the Effective Date or as soon as practicable thereafter, (ii) as soon as practicable after such Claim becomes an Allowed Administrative Expense Claim if the date of allowance is later than the Effective Date, or (iii) upon such other terms as may be mutually agreed upon between such holder of an Allowed Administrative Expense Claim and Post Effective Date L&H; provided, however, that all post-Effective Date professional fees and related expenses accrued by Professionals in connection with the Plan and the Chapter 11 Assets shall be paid by Post Effective Date L&H within ten (10) Business Days of the submission by any Professional of an

invoice to Post Effective Date L&H. In the event that Post Effective Date L&H objects to the payment of a Professional's post-Effective Date invoice, in whole or part, and the parties cannot resolve such objection after good faith negotiation, the Bankruptcy Court shall retain jurisdiction to review the disputed invoice and make a determination as to the extent to which the invoice shall be paid by Post Effective Date L&H.

3.2 Priority Tax Claims On the Effective Date or as soon as practicable thereafter, or as soon as practicable after such Claim becomes an Allowed Claim if the date of allowance is later than the Effective Date, a holder of an Allowed Priority Tax Claim shall be entitled to receive in full satisfaction, settlement, and release of, and in exchange for such Allowed Priority Tax Claim (a) deferred Cash payments in an aggregate principal amount equal to the amount of such Allowed Priority Tax Claim plus interest, to the extent required under applicable law, on the unpaid portion thereof at the legal rate of interest (excluding any default interest rate), or, in the absence of a legal rate of interest, at a rate of four percent (4%) per annum, from the Effective Date through the date of payment thereof, which date shall not extend beyond the sixth anniversary of the Effective Date, or (b) such other treatment as to which Post-Effective Date L&H and such holder shall have agreed upon in writing, with the approval of the Bankruptcy Court. If deferred Cash payments are made to a holder of an Allowed Priority Tax Claim, the remaining unpaid portion of such Allowed Claim shall be paid on or before the sixth anniversary of the Effective Date, together with any accrued and unpaid interest to the date of payment; provided, however, that Post Effective Date L&H reserves the right to pay any Allowed Priority Tax Claim, or any remaining balance of such Allowed Priority Tax Claim, in full at any time on or after the Effective Date without premium or penalty.

#### SECTION IV

##### CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

4.1 Summary For purposes of all confirmation issues, including, without limitation, voting, confirmation and distribution, except as otherwise provided herein, all Claims against the Chapter 11 Assets (except for Administrative Expense Claims and Priority Tax Claims) and Equity Interests in the Debtor are classified as follows:

#### 4.1.1 Claims against and Equity Interests in L&H NV.

CLASS	CLASS NAME	STATUS
Class 1	Priority Non-Tax Claims	Unimpaired -- not entitled to vote
Class 2	Secured Claims	Unimpaired -- not entitled to vote
Class 3	Unsecured Claims	Impaired -- entitled to vote
Class 4	PIERS/Old Convertible Subordinated Notes Claims	Impaired -- entitled to vote
Class 5	Common Stock	Impaired -- deemed to have rejected the plan and not entitled to vote
Class 6	Securities Law Claims	Impaired -- deemed to have rejected the plan and not entitled to vote
Class 7	Other Equity Interests	Impaired -- deemed to have rejected the plan and not entitled to vote

#### 4.2 Classification of Claims against the Chapter 11 Assets and Equity Interests in L&H NV:

4.2.1 Class 1: Priority Non-Tax Claims. Class 1 consists of all Priority Non-Tax Claims.

4.2.2 Class 2: Secured Claims. Class 2 consists of all Secured Claims.

4.2.3 Class 3: Unsecured Claims. Class 3 consists of all Unsecured Claims other than (a) Class 4 PIERS/Old Convertible Subordinated Notes Claims and (c) Class 6 Securities Laws Claims. Class 3 Unsecured Claims include, inter alia, Claims under the Belgian Revolving Credit Facility, all prepetition trade Claims relating to the Chapter 11 Assets, the Belgian Claims and other prepetition general unsecured Claims relating to the Chapter 11 Assets.

4.2.4 Class 4: PIERS/Old Convertible Subordinated Notes Claims. Class 4 consists of all PIERS Transaction Claims and Old Convertible Subordinated Notes Claims.

4.2.5 Class 5: Common Stock. Class 5 consists of all interests of the holders of Common Stock on account of such interests.

4.2.6 Class 6: Securities Law Claims. Class 6 consists of all Securities Law Claims.

4.2.7 Class 7: Other Equity Interests. Class 7 consists of all Equity Interests in L&H NV not otherwise classified in Classes 5 and 6, including the interests of holders of Old Stock Options.

## SECTION V

### TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN

5.1 Designation of Treatment. The following treatment set forth in this Section V shall be accorded to Claims against the Chapter 11 Assets and Equity Interests in the Debtor.

#### 5.2 Claims Against the Chapter 11 Assets and Equity Interests in L&H NV.

5.2.1 Class 1: Priority Non-Tax Claims. On the Effective Date or as soon as practicable thereafter, or as soon as practicable after such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim if the date of allowance is later than the Effective Date, a holder of an Allowed Class 1 Priority Non-Tax Claim shall receive, in full satisfaction, settlement, release of, and in exchange for such Allowed Class 1 Priority Non-Tax Claim (a) a Distribution of Cash equal to the amount of such Allowed Class 1 Priority Non-Tax Claim, or (b) such other treatment as to which Post Effective Date L&H and such holder shall have agreed upon in writing.

5.2.2 Class 2: Secured Claims. Each holder of an Allowed Secured Claim shall be deemed to be classified in a separate Class and shall be treated as follows: to the extent that any such Claim is determined to be an Allowed, valid and perfected Secured Claim, the holder of such Secured Claim shall receive the first net proceeds (i.e., proceeds net of all costs and expenses related to such sale) from the sale of any of its Collateral to the extent of the principal amount of its Claim. To the extent permitted under applicable law, including the Bankruptcy Code, as determined by the Bankruptcy Court at the Confirmation Hearing, the holder of such Allowed Secured Claim shall receive the contractual non-default rate of interest on such Allowed Secured Claim semiannually in arrears based upon the amount of unpaid principal for such period and permitted costs thereon. Until each Secured Claim is paid in full, the holder of such Allowed Secured Claim shall retain the Liens securing such Allowed Secured Claim. Notwithstanding anything to the contrary herein, Post Effective Date L&H shall make full payment to each such secured creditor to the extent of its Allowed Secured Claim on or before December 31, 2004.

#### 5.2.3 Class 3: Unsecured Claims.

(a) Treatment. Subject to Section 5.2.3(b) of the Plan, on the Effective Date or as soon as practicable thereafter, or if such Unsecured Claim becomes an Allowed Unsecured Claim after the Effective Date, as soon as practicable after such Unsecured Claim becomes an Allowed Unsecured Claim, and thereafter in full satisfaction, settlement, release of, and in exchange for such Allowed Class 3 Unsecured Claim, each holder of an Allowed Class 3 Unsecured Claim shall receive a Ratable Proportion of the Available Cash and ninety-three percent (93%) of the Litigation Trust Beneficial Interests (the "Allowed Unsecured Claim Trust Interests"); provided, however, that holders of Claims under the Belgian Revolving Credit Facility (which are classified under, and constitute a portion of, Class 3 Unsecured Claims) shall not be entitled to any Distributions that are the proceeds (either directly or derivatively) of

distributions made to L&H NV pursuant to the Dictaphone Plan on account of Intercompany Loan Agreement Claims assertable by L&H NV under the Dictaphone Plan; and provided, further, that as a condition to receiving the Distributions set forth in this Section 5.2.3 of the Plan, all holders of Claims under the Belgian Revolving Credit Facility shall be deemed to have waived any right to receive, and shall not receive, either directly or derivatively, any distributions that are made to L&H NV pursuant to the Dictaphone Plan on account of Intercompany Loan Agreement Claims. No interest shall be paid on any Class 3 Unsecured Claim.

(b) Limitations on Amount of Distributions to Holders of Allowed Unsecured Claims. Holders of Allowed Class 3 Unsecured Claims shall not receive any Distributions after they have received 100% repayment of the principal amount of their Allowed Class 3 Unsecured Claims. Any distributions by Dictaphone or Reorganized Dictaphone under the Dictaphone Plan, as the case may be, to the Lenders on account of the Dictaphone Guaranty shall be included in determining whether the Lenders have received 100% repayment of their claims relating to the Belgian Revolving Credit Facility. The Lenders, however, may assert the full amount of their Allowed Class 3 Unsecured Claims until such time as they have received 100% repayment of the principal amount of their Allowed Class 3 Unsecured claims under the Belgian Revolving Credit Facility (after taking into account distributions under the Plan and the Dictaphone Plan). After all holders of Allowed Class 3 Unsecured Claims have received 100% repayment of the principal amount of their Allowed Unsecured Claims, all further Distributions of Available Cash (hereinafter the "Excess Available Cash") and Litigation Trust Beneficial Interests shall be distributed to holders of Allowed Class 4 PIERS/Old Convertible Subordinated Notes Claims.

5.2.4 Class 4: PIERS/Old Convertible Subordinated Notes Claims. Subject to Section 5.2.3(b) of the Plan, on the Effective Date or as soon as practicable thereafter, or, as soon as practicable after such Claim becomes an Allowed PIERS/Old Convertible Subordinated Notes Claim if the date of allowance is later than the Effective Date, and thereafter, each holder of a PIERS/Old Convertible Subordinated Notes Claim shall receive, in full satisfaction, settlement, release of, and in exchange for such Allowed PIERS/Old Convertible Subordinated Notes Claim, a Ratable Proportion of both (i) the Excess Available Cash (if any) and (ii) seven-percent (7%) of the Litigation Trust Beneficial Interests. No interest shall be paid on any Class 4 PIERS/Old Convertible Subordinated Notes Claim.

5.2.5 Class 5: Common Stock. Holders of Allowed Common Stock Equity Interests shall receive no Distributions under the Plan on account of such Class 5 Common Stock.

5.2.6 Class 6: Securities Law Claims. Holders of Allowed Class 6 Securities Law Claims shall receive no Distributions under the Plan on account of such Class 6 Securities Law Claims.

5.2.7 Class 7: Other Equity Interests. A holder of any Equity Interest in L&H NV not otherwise classified in Classes 5 or 6 shall receive no Distributions under the Plan on account of such Class 7 Other Equity Interest.

## SECTION VI

### IMPAIRED AND UNIMPAIRED CLASSES OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN; ACCEPTANCE OR REJECTION OF THE PLAN

#### 6.1 Holders of Claims and Equity Interests Entitled to Vote.

(a) Each holder of an Allowed Claim, or the holder of a Claim that has been temporarily allowed for voting purposes only under Bankruptcy Rule 3018(a), in an impaired Class of Claims, shall be entitled to vote separately to accept or reject the Plan as provided in the Disclosure Statement Approval Order. Any unimpaired Class of Claims shall be deemed to have accepted the Plan. Any Class of Claims or Equity Interests that shall not receive or retain any property on account of such Claims or Equity Interests under the Plan shall be deemed to have rejected the Plan.

(b) Each of Classes 3 and 4 is impaired under the Plan, and the holders of Allowed Claims in such Classes are entitled to vote on the Plan. In accordance with section 1126(g) of the Bankruptcy Code, each of Classes 5, 6, and 7 is conclusively deemed to have rejected the Plan.

6.2 Acceptance by Unimpaired Classes. Each of Classes 1 and 2 is unimpaired under the Plan and each such Class is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

6.3 Elimination of Vacant Classes. Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily allowed under Bankruptcy Rule 3018 shall be deemed deleted from the Plan for purposes of voting on or rejection of the Plan, and for purposes of determining acceptance or rejection of the Plan by such Class under section 1129(a)(8) of the Bankruptcy Code.

6.4 Non-consensual Confirmation. The Committee shall request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code in view of the deemed rejection of the Plan by Classes 5, 6, and 7. In the event that any of Classes 3 and 4 fail to accept the Plan, the Committee reserves the right (i) to modify the Plan in accordance with Section 14.2 hereof and/or (ii) to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code notwithstanding such lack of acceptance by finding that the Plan provides fair and equitable treatment to, and does not discriminate unfairly against, any impaired Class of Claims and Equity Interests voting to reject the Plan.

6.5 Revocation of the Plan. Subject to Section 15.8 hereof, the Committee may revoke and withdraw the Plan at any time prior to entry of the Confirmation Order. If the Plan is so revoked or withdrawn, then it shall be deemed null and void.

## SECTION VII

### MEANS OF IMPLEMENTATION OF THE PLAN

7.1 Transactions on the Effective Date. On the Effective Date, the following shall occur (and shall be deemed to have occurred simultaneously):

- (a) the Litigation Trust Agreement shall become effective;
- (b) the Litigation Trust shall be formed and shall assume its obligations hereunder;
- (c) the Plan Administration Agreement shall become effective; and
- (d) the Equity Interests (including the Old Capital Stock) of L&H NV shall be extinguished as they relate to the Chapter 11 Assets.

In no event shall any of the foregoing events occur unless all of the foregoing events occur on the same Business Day.

7.2 Approval of Settlements. The entry of the Confirmation Order shall constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan, including, but not limited to, (i) the settlement of the Distribution allocations between the various Classes of creditors and (ii) the allocation of assets between the Belgian Case and the Chapter 11 Case, are (a) in the best interest of L&H NV and its Estate, (b) fair, equitable and reasonable, (c) made in good faith, and (d) approved by the Bankruptcy Court. Subject to obtaining the approval of the settlements reflected in this Plan by the Bankruptcy Court, on the Effective Date, Post Effective Date L&H shall take all actions necessary or reasonably required to effectuate the matters set forth in such settlements.

7.2.1 Periodic Distributions of Available Cash and Litigation Trust Beneficial Interests. Post Effective Date L&H shall make Distributions as provided under the Plan from the net proceeds it has obtained or obtains from the Transfers of the Chapter 11 Assets for a period of up to five (5) years after the Effective Date. To effect the foregoing, Post Effective Date L&H shall make Distributions of Cash, Available Cash, and Litigation Trust Beneficial Interests on account of any portion of, or in the full amount of Allowed Claims as soon as reasonably practicable after the Effective Date and, thereafter, on the first Business Day of each calendar semester (each such date, a "Semi-Annual Distribution Date"); provided, however, that, except with respect to the final Distribution, Post Effective Date L&H shall not make any such Distributions unless the amount of Available Cash is in excess of \$1,000,000. Such Distributions shall continue until Post Effective Date L&H has Transferred all of its assets and there is no additional Available Cash for Distributions under the Plan. To the extent that the Chapter 11 Assets consist of neither Cash nor Cash equivalents, Post Effective Date L&H shall endeavor to distribute such non-Cash consideration in such manner as to give effect to the distribution scheme contemplated under the Plan. Post Effective Date L&H shall have absolute discretion to pursue or not to pursue any and all claims, rights, defenses, or Causes of Action that

it retains pursuant to the Plan, as it determines in the exercise of its business judgment, and shall have no liability for the outcome of its decision.

7.3 Post Effective Date L&H. On the Effective Date, or as soon as reasonably practicable after the Effective Date, the Debtor shall Transfer all of the Chapter 11 Assets to Post Effective Date L&H. From and after the Effective Date, as set forth herein, the Plan Administrator, Post Effective Date L&H, the Litigation Trustee, and the Litigation Trust, as the case may be, shall perform their respective obligations under the Plan. The Plan shall be administered and actions shall be taken in the name of the Debtor and Post Effective Date L&H through, in accordance with the terms hereof, Post Effective Date L&H, the Plan Administrator, the Litigation Trustee, and/or the Litigation Trust, irrespective of whether the Debtor is dissolved. From and after the Effective Date, Post Effective Date L&H shall continue in existence for the purpose of:

- (a) administering the Plan and to take all steps and execute all instruments and documents necessary to effectuate the Plan;
- (b) selling or otherwise disposing of the Chapter 11 Assets and winding up affairs relating to the Chapter 11 Assets as expeditiously as reasonably possible;
- (c) taking any actions to liquidate, and maximize the value of, the Chapter 11 Assets;
- (d) assigning all Assigned Causes of Action, and all claims, interests, rights and privileges of L&H NV relating thereto to the Litigation Trust for enforcement, prosecution and settlement by the Litigation Trustee in accordance with the terms of this Plan and the Litigation Trust Agreement; provided, however, that Post Effective Date L&H shall retain an interest in the Assigned Causes of Action solely to assert a defense to a Claim or Equity Interest based upon such Assigned Causes of Action;
- (e) reconciling Claims and resolving Disputed Claims, and administering the Claims allowance and disallowance processes as set forth in the Plan, including objecting, prosecuting, litigating, reconciling, settling and resolving Claims and Disputed Claims in accordance with the Plan;
- (f) making decisions regarding the retention, engagement, payment and replacement of professionals, employees and consultants;
- (g) cooperating with the Litigation Trustee, the Litigation Trust, and the Litigation Monitoring Committee with regard to the pursuit of the Assigned Causes of Action;



- (h) in conjunction with Litigation Trustee, providing quarterly reports to the Litigation Monitoring Committee as to budgets, cash receipts and disbursements, asset sales or other dispositions, claims reconciliation, Litigation Proceeds and Distributions under the Plan;
- (i) administering the Distributions under the Plan, including (i) making Distributions in accordance with the terms of the Plan, (ii) establishing and maintaining the various Disputed Claims Reserves, and (iii) filing with the Bankruptcy Court semi-annual reports regarding the Distributions to be made to the holders of Allowed Claims;
- (j) exercising such other powers as necessary or prudent to carry out the provisions of the Plan;
- (k) investing any Cash in any reserves or pending distribution in accordance with reasonable business judgment for any such Entity;
- (l) filing appropriate tax returns; and
- (m) taking such other action as may be necessary or appropriate to effectuate this Plan.

Each of the Plan Administrator, Post Effective Date L&H, the Litigation Trust, and the Litigation Trustee may incur and pay any reasonable and necessary expenses in performing the foregoing functions, subject to the terms of the Plan. For purposes of exercising its powers, each of the Plan Administrator, Post Effective Date L&H, the Litigation Trustee and the Litigation Trust shall be deemed to be a representative of the Estate pursuant to section 1123(b)(3)(B) of the Bankruptcy Code.

#### 7.4 The Litigation Trust.

7.4.1 The Establishment of the Litigation Trust. The Litigation Trust shall be established as of the Effective Date. The Litigation Trustee shall be appointed on the Effective Date. The Litigation Trust will be established for the sole purpose of liquidating its assets, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective to continue or engage in the conduct of a trade or business. Subject to definitive guidance from the Internal Revenue Service, all parties will treat the Litigation Trust as a liquidating trust for all federal income tax purposes.

7.4.2 Acquisition of Assigned Causes of Action. On the Effective Date, except as otherwise provided in the Plan, Post Effective Date L&H and the Debtor shall be deemed to have, and shall have, irrevocably assigned and transferred to the Litigation Trust all of their rights, title and interest in and to any and all of the Assigned Causes of Action and any proceeds thereof received by the Debtor or Post Effective Date L&H. Each of the Assigned Causes of Action, except as otherwise provided in the Plan, shall be free and clear of all Liens,

claims, encumbrances and other interests. Except as otherwise provided in the Plan, neither Post Effective Date L&H nor the Debtor shall have any further right, title or interest in any of the Assigned Causes of Action, and neither the Debtor nor Post Effective Date L&H shall be entitled to receive any portion of any amounts recovered on account of any of the Assigned Causes of Action. Subject to the Curators and the Litigation Trustee entering into an agreement, if necessary, preserving confidential information and all applicable privileges, the Litigation Trustee shall consult with and make information available to the Curators with respect to: (a) any Causes of Action of L&H NV against former directors, officers, administrators or administrators in fact of L&H NV, arising pursuant to Clause 530 of the "Wetboek Van Vernootschappen" (the Belgian Company Code) dated May 7, 1999; (b) any and all Causes of Action arising out of or relating to any criminal proceeding initiated against former directors, officers, administrators or administrators in fact of L&H NV, including but not limited to, Causes of Action for indemnification; and (c) any and all Causes of Action the enforcement, prosecution, litigation or settlement of which either must be initiated, or already have been initiated, outside of the jurisdiction of the courts of the United States.

7.4.3 Establishment of Litigation Trust Beneficial Interest Registers.

The Litigation Trust shall maintain a register of the persons or entities granted Litigation Trust Beneficial Interests therein and shall be entitled to treat as the owner of any such interest for all purposes the person or entity in whose name the Litigation Trust Beneficial Interest is registered. Litigation Trust Beneficial Interests shall be uncertified.

7.4.4 Litigation Trust Beneficial Interests Granted on Account of Disputed Claims. Upon a Disputed Claim becoming an Allowed Claim, Post Effective Date L&H shall notify the Litigation Trust, and the holder of such Allowed Claim shall be granted the Litigation Trust Beneficial Interests reserved for such Claim.

7.4.5 Limitations on Transferability of Litigation Trust Beneficial Interests. No holder of a Litigation Trust Beneficial Interest shall be entitled to transfer such interest.

7.4.6 Transfer of Causes of Action by Holders. The irrevocable transfer of the Assigned Causes of Action to the Litigation Trust shall be treated as an irrevocable deemed transfer of such Assigned Causes of Action to the holders of Allowed Claims followed by an irrevocable deemed contribution of such Assigned Causes of Action by such holders of Allowed Claims to the Litigation Trust.

7.4.7 Funding the Litigation Trust. On the Effective Date, Post Effective Date L&H shall pay to the Litigation Trust the aggregate amount of \$1,000,000 for the establishment of a reserve to pay the fees, expenses and costs of the Litigation Trust and the Litigation Trustee (such reserve, the "Litigation Trust Reserve"). In addition, on the Effective Date, Post Effective Date L&H shall pay to the Litigation Trust the aggregate amount of \$100,000 for the establishment of a reserve to pay the fees, expenses and costs of the Litigation Monitoring Committee (such reserve, the "Litigation Monitoring Committee Reserve"). To the extent that the Litigation Trustee and the Litigation Monitoring Committee from time to time reasonably agree that the amounts of the Litigation Trust Reserve and/or the Litigation

Monitoring Committee Reserve are in excess of the amounts reasonably anticipated to be incurred by the Litigation Trust and the Litigation Trustee in the pursuit of their respective duties and obligations hereunder, such excess amounts shall be returned to the Plan Administrator and shall be treated as Available Cash for Distributions to holders of Allowed Claims. To the extent that the Litigation Monitoring Committee reasonably determines that the amount of the Litigation Trust Reserve is not sufficient for the Litigation Trustee to pursue its duties and obligations hereunder, the Litigation Monitoring Committee may request from Post-Effective Date L&H additional funding for the Litigation Trust Reserve, and the consent of Post-Effective Date L&H with respect to such request for additional funding for the Litigation Trust Reserve shall not be withheld unreasonably. Except as specifically set forth in the Plan and the Litigation Trust Agreement, Post Effective Date L&H shall have no obligation to the Litigation Trust or any holder of an interest therein other than its obligations to reasonably cooperate as a party to the Assigned Causes of Action assigned to the Litigation Trust and to fund the Litigation Trust and the Litigation Monitoring Committee Reserves. In addition, the Litigation Trustee may, with the written consent of the Litigation Monitoring Committee, borrow funds to finance the operations of the Litigation Trust, which borrowing(s) may include equity participation features.

7.4.8 Application of Proceeds and Expenses. Upon receipt of the proceeds of any Assigned Causes of Action assigned to the Litigation Trust, the Litigation Trustee shall determine whether to distribute such proceeds to holders of Litigation Trust Beneficial Interests. Prior to any Distribution, the Litigation Trustee shall apply such proceeds, net of amounts paid or deductions made by reason of set-off to the Litigation Trustee or by reason of reduction in judgment or reimbursement obligations of the Litigation Trustee, as follows: (i) first, after utilizing amounts in the Litigation Trust Reserve and the Litigation Monitoring Committee Reserve, to the payment of any associated taxes and unpaid administrative expenses of the Litigation Trust, the Litigation Trustee and the Litigation Monitoring Committee, (ii) second, pro rata to the payment of the reasonable unpaid fees and expenses incurred in employing professionals for the Litigation Trustee and the Litigation Monitoring Committee, and the compensation and expenses of the Litigation Trustee, (iii) third, to either the Litigation Trust Reserve or the Litigation Monitoring Committee Reserve for the reasonably anticipated amount of any future expenses and obligations to the extent the amounts in such reserves are insufficient and (iv) fourth, 23.3% of amounts remaining after the payment of items i-iii above shall be distributed to the Curators for the benefit of priority creditors in the Belgian Case, provided, however, that the aggregate amount of all such payments shall not exceed € 2 million (collectively, (i)-(iv), the "Litigation Administrative Costs"). Notwithstanding anything contained herein to the contrary, and for purposes of this Section 7.4.8 only, the conversion rate among United States Dollars (\$) and the Euro (€) shall be the spot conversion rate expressed in Dollars per Euro published at 10:00 a.m. (EST) by the Federal Reserve Bank of New York on the Effective Date.

7.4.9 Distribution of Litigation Proceeds. Subject to the limitations set forth in Section 7.4.10(b), any proceeds from the Assigned Causes of Action distributed by the Litigation Trustee, net of amounts paid or reductions made by reason of setoff and after payment or reserve in full of the Litigation Administrative Costs of the Litigation Trust (such net proceeds, the "Litigation Proceeds"), shall be distributed in accordance with Section 7.4.10 based on each holder's Ratable Proportion. Except as otherwise provided in this Section 7.4 of the

Plan, Distributions of the Litigation Proceeds shall be governed by Sections V and VIII of the Plan.

**7.4.10 Distribution by Litigation Trustee.**

(a) **Timing of Distributions.** The Litigation Trustee, shall distribute the Litigation Proceeds at such times as the Litigation Trustee deems appropriate, but only after, pursuant to this Section 7.4 of the Plan, paying all outstanding Litigation Administrative Costs and reserving for any additional reasonable Litigation Administrative Costs that may be incurred thereafter.

(b) **Maximum Recovery.** Until all holders of Allowed Claims receive full payment of their Allowed Claims, the aggregate Distributions on account of any holder of an Allowed Claim shall not exceed 100% of the amount of such Allowed Claim (such amount, the "Maximum Recovery Amount"). Any Litigation Proceeds otherwise distributable to a holder of an Allowed Claim in excess of the Maximum Recovery Amount (the "Surplus Proceeds") shall be redistributed to holders holding the same class of Claims or, if all such holders have received 100% of the amount of such Allowed Claims, to holders of Allowed Claims in proportion to the allocation of Distributions between the various Classes of Claims against the Chapter 11 Assets as set forth in Section V of the Plan.

**7.4.11 Litigation Reserve.** The Litigation Trust shall withhold from the amounts to be distributed to holders of Litigation Trust Beneficial Interests amounts sufficient to be distributed on account of the Litigation Trust Beneficial Interests that may be granted to holders of Claims that are Disputed Claims as of the date of distribution of proceeds, and the Litigation Trust shall place such withheld proceeds in reserve (the "Litigation Reserve"). To the extent such Disputed Claims ultimately become Allowed Claims, and Litigation Trust Beneficial Interests are granted to the holders of such Claims in accordance with Section 7.4.4 of the Plan, payments with respect to such interest shall be made from the Litigation Reserve. The Litigation Trustee, in consultation with the Litigation Monitoring Committee, shall determine the amount to reserve in the Litigation Reserve based on the amount of Disputed Claims determined or estimated for the purposes of the Disputed Claims Reserve.

**7.4.12 Distributions After Disallowance.** If any proceeds remain in the Litigation Reserve after all objections to Disputed Claims have been resolved, such remaining amounts shall be distributed as soon as practicable in accordance with the provisions regarding the distribution of Litigation Proceeds to the holders of Litigation Trust Beneficial Interests.

**7.4.13 Term.** The term of the Litigation Trust shall commence on the Effective Date and shall continue until the fifth (5th) anniversary of such date, unless sooner terminated in accordance with the terms of the Litigation Trust Agreement; provided, however, that the term of the Litigation Trust may be extended for no more than five (5) successive periods of two years each in accordance with the provisions in the Litigation Trust Agreement.

**7.4.14 Powers and Duties of the Litigation Trustee.** As more fully described in the Litigation Trust Agreement, with respect to the Litigation Trust, the Litigation Trustee shall at all times act solely for the benefit of the holders of Litigation Trust Beneficial

Interests and shall not act for the benefit of or have any obligations to or on behalf of the Debtor or Post Effective Date L&H. In addition to those other powers and duties set forth in the Litigation Trust Agreement, the Litigation Trustee shall be empowered: (a) to take all steps and execute all instruments and documents necessary to effectuate the Litigation Trust, (b) to pay all Litigation Administrative Costs of the Litigation Trust, (c) to comply with the Plan and the Litigation Trust Agreement and the obligations thereunder, (d) to employ, retain or replace professionals to represent it with respect to its responsibilities, (e) to waive or enforce, to the fullest extent permitted by law, any existing client privilege of the Debtor, (f) to investigate any claims, rights, Assigned Causes of Action or other Causes of Action assigned to the Litigation Trust, (g) to prosecute, litigate, settle, adjust, retain, enforce or abandon any claims, rights, Assigned Causes of Action or other Causes of Action assigned to the Litigation Trust, including any counterclaims to the extent such counterclaims are setoff against the proceeds of any such Causes of Action, (h) to exercise such other powers as may be vested in the Litigation Trustee pursuant to an order of the Bankruptcy Court or the Litigation Trust Agreement, or as deemed by the Litigation Trustee to be necessary and proper to carry out the provisions of the Litigation Trust, and (i) to make distributions contemplated by the Litigation Trust to holders of Litigation Trust Beneficial Interests. Subject to the terms of Section 7.4.15 of the Plan, and to the requirement to consult with the Litigation Monitoring Committee, the Litigation Trustee shall have sole and absolute discretion to hold, pursue, prosecute, release, settle or abandon, as the case may be, any and all claims, rights, Assigned Causes of Action or other Causes of Action assigned to the Litigation Trust pursuant to this Plan, as it determines in the exercise of its business judgment, and shall have no liability for the outcome of its decisions. For purposes of exercising its powers, each of the Litigation Trustee and the Litigation Trust shall be deemed to be a representative of the Debtor pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. To the extent that the Litigation Trustee abandons any Assigned Causes of Action, such Assigned Causes of Action shall revert and be deemed to be held by Post Effective Date L&H without any further act of the Bankruptcy Court or any other party.

**7.4.15 Authority to Settle Causes of Action.** With respect to any claims, rights, Assigned Causes of Action, or other Causes of Action assigned to the Litigation Trust in which the asserted amount is equal to or less than \$200,000, the Litigation Trustee shall be empowered and authorized, without approval of the Bankruptcy Court or notice to any other Person, to settle, adjust, dispose of or abandon any such claims, rights, Assigned Causes of Action or other Causes of Action assigned to the Litigation Trust, including any counterclaims to the extent such counterclaims are setoff against the proceeds of any such Causes of Action, upon written notice to the Litigation Monitoring Committee. If the Litigation Monitoring Committee disputes the reasonableness of the proposed settlement, disposition or abandonment, on or prior to the conclusion of ten (10) Business Days after the Litigation Monitoring Committee receives written notice of a proposed settlement, disposition or abandonment, or any extension thereof agreed upon between the Litigation Trustee and the Litigation Monitoring Committee, the Litigation Monitoring Committee can submit to the Bankruptcy Court for resolution the reasonableness of the Litigation Trustee's proposed settlement, disposition or abandonment. With respect to any claims, rights, Assigned Causes of Action, or other Causes of Action assigned to the Litigation Trust, in which the asserted amount is greater than \$200,000, the Litigation Trustee shall (i) obtain the written consent of the Litigation Monitoring Committee and (ii) obtain approval of the Bankruptcy Court to settle, adjust, dispose of or abandon any such

claims, rights, Assigned Causes of Action or other Causes of Action in accordance with Bankruptcy Rule 9019.

7.4.16 Compensation of the Litigation Trustee. The Litigation Trustee shall receive compensation for services to the Litigation Trust as agreed upon by the (a) Litigation Trustee and (b) the Litigation Monitoring Committee, for its services and shall be entitled to reimbursement of reasonable expenses incurred in performing its duties hereunder out of the assets of the Litigation Trust, as more fully set forth in the Litigation Trust Agreement or in a separate agreement setting forth the terms and conditions of the provision of such services by the Litigation Trustee.

7.4.17 Indemnification and Exculpation of the Litigation Trustee and Litigation Monitoring Committee.

(a) From and after the Effective Date, the Litigation Trustee and members of the Litigation Monitoring Committee, and each of their respective post-Effective Date directors, members, officers, shall be exculpated and indemnified as provided in the Litigation Trust Agreement.

(b) Except as may otherwise be provided in the Litigation Trust Agreement, both Litigation Trustee and the Litigation Monitoring Committee, and each of their post-Effective Date directors, members, officers, employees, agents and attorneys, as the case may be, from and after the Effective Date, is hereby exculpated by all Persons, holders of Claims and Equity Interests, Entities, and parties in interest receiving Distributions under the Plan, from any and all claims, causes of action, and other assertions of liability arising out of its discharge of the powers and duties conferred upon it by the Plan, the Litigation Trust Agreement, or any order of the Bankruptcy Court entered pursuant to or in furtherance of the Plan, or applicable law, except solely for actions or omissions arising out of its gross negligence, willful misconduct or breach of its fiduciary duties. No holder of a Claim or an Equity Interest, or representative thereof, shall have or pursue any claim or cause of action (a) against the Litigation Trustee or the Litigation Monitoring Committee (or their respective directors, members, officers, employees, agents and attorneys, as the case may be) for Distributions made in accordance with the Plan, or for implementing the provisions of the Plan, or (b) against any holder of a Claim for receiving or retaining payments or other Distributions as provided for by the Plan.

(c) Both the Litigation Trustee and the Litigation Monitoring Committee shall not be liable for any action taken or omitted in good faith and reasonably believed by it to be authorized within the discretion or rights or powers conferred upon it by the Plan or the Litigation Trust Agreement. In performing its duties under the Plan and the Litigation Trust Agreement hereunder, each of the Litigation Trustee and the Litigation Monitoring Committee shall have no liability for any action taken by the Litigation Trustee and the Litigation Monitoring Committee in good faith in accordance with the advice of counsel, accountants, appraisers and other professionals retained by it, Post Effective Date L&H, or the Litigation Trust. Without limiting the generality of the foregoing, the Litigation Trustee and the Litigation Monitoring Committee may rely without independent investigation on copies of orders of the Bankruptcy Court reasonably believed by it to be genuine, and shall have no liability for actions

taken in good faith in reliance thereon. None of the provisions of the Plan shall require the Litigation Trustee or the Litigation Monitoring Committee to expend or risk their own funds or otherwise incur personal financial liability in the performance of any of their duties hereunder or in the exercise of any of its rights and powers. Each of the Litigation Trustee and the Litigation Monitoring Committee may rely without inquiry upon writings delivered to it hereunder which it reasonably believes in good faith to be genuine and to have been given by a proper Person.

#### 7.4.18 Monitoring of Litigation Trust.

(a) Appointment; Responsibilities. On or prior to the Confirmation Date, the Committee shall select three (3) Persons or Entities to serve as representatives of the Litigation Trust, (collectively, the "Litigation Monitoring Committee"). A list setting forth the identities of the members of the Litigation Monitoring Committee, to the extent available, shall be filed as part of the Plan Supplement, or otherwise, in a submission to this Bankruptcy Court on or prior to the Effective Date. The Litigation Monitoring Committee shall monitor and review settlement, abandonment and other disposition proposals proposed to or agreed to by the Litigation Trustee with respect to the Assigned Causes of Action and to consult with the Litigation Trustee regarding the settlement, abandonment, disposition and prosecution of such Causes of Action. The Litigation Monitoring Committee shall, to the extent it deems necessary, retain counsel to assist it.

(b) Quorum; Meetings; Votes. A quorum for the Litigation Monitoring Committee shall consist of a majority of the then existing members of the Litigation Monitoring Committee. No meeting of the Litigation Monitoring Committee shall be held unless a quorum is present at the beginning of any meeting. Any member of the Litigation Monitoring Committee may call for a meeting to be convened upon notice of such meeting being given at least two (2) Business Days prior to the proposed date of the meeting, which notice may be given by telephone, overnight mail, or facsimile transmission, to each of the other members of the Litigation Monitoring Committee. Meetings shall be held in person or by telephone conference call. Any action by the Litigation Monitoring Committee shall require the affirmative vote of a majority of those voting provided that a quorum is present at the time of the vote.

(c) Resignations; Successor Members. Any Entity may resign as a member of the Litigation Monitoring Committee at any time. In the event that any Entity resigns as a member of the Litigation Monitoring Committee, the remaining members of the Litigation Monitoring Committee shall select a replacement for such Entity; provided, however, that any such replacement must hold Litigation Trust Beneficial Interests.

(d) Removal of Litigation Trustee. Upon a unanimous determination by the members of the Litigation Monitoring Committee, the Litigation Trustee may be removed by the Litigation Monitoring Committee without any necessity for any showing of cause. In addition, (a) a majority vote of the Litigation Monitoring Committee and (b) a vote among twenty-five percent (25%) of the beneficiaries of the Litigation Trust can seek to have the Litigation Trustee removed for cause. To the extent there is any dispute regarding the removal of a Litigation Trustee, the Bankruptcy Court shall retain jurisdiction to consider and adjudicate any such dispute and may remove a Litigation Trustee for cause.

7.4.19 Discretion Afforded to Litigation Monitoring Committee to Modify Terms of Compensation of Litigation Trustee. Notwithstanding anything to the contrary in the Plan, the Litigation Monitoring Committee may, with the unanimous consent of each of the members of the Litigation Monitoring Committee, and without application to or approval by the Bankruptcy Court, subject to the consent of the Litigation Trustee, modify the Litigation Trustee's compensation and other terms regarding the retention of the Litigation Trustee.

7.5 Cancellation of Equity Interests. Except to the extent specifically provided otherwise in the Plan, on the Effective Date, all existing Equity Interests shall, without any further action, be cancelled, annulled and extinguished and any certificates representing such Equity Interests shall be null and void with respect to the Chapter 11 Assets.

7.6 Operations of L&H NV Between Confirmation and the Effective Date. L&H NV shall continue to operate as a Debtor In Possession during the period from the Confirmation Date through and until the Effective Date.

7.7 Closing of Chapter 11 Case. When all Disputed Claims filed against the Chapter 11 Assets become Allowed Claims or have become a Disallowed Claim, and all remaining assets have been liquidated and converted into Cash, and such Cash has been distributed in accordance with the terms of this Plan, or at such earlier time as the Plan Administrator deems appropriate, the Plan Administrator shall seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

7.8 Exclusivity Period. Subject to further order of the Bankruptcy Court, the Committee shall retain the exclusive right to amend the Plan and solicit acceptances thereof until the Effective Date (or until the earliest date on which the Effective Date can no longer occur pursuant to Section 11.4 of the Plan).

7.9 Revesting of Assets. The Chapter 11 Assets shall vest in Post Effective Date L&H on the Effective Date. From and after the Effective Date, Post Effective Date L&H may use, acquire, and dispose of property free of any restrictions imposed under the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all of the Chapter 11 Assets and Post Effective Date L&H shall be free and clear of all Claims, Liens and interests, except as specifically provided in the Plan or in the Confirmation Order. Without limiting the foregoing, Post Effective Date L&H may, without application to or approval by the Bankruptcy Court, pay Professional Fees and expenses that Post Effective Date L&H may incur after the Effective Date.

7.10 Committee. The Committee (a) shall cease to exist on the Effective Date, provided that the Committee shall retain standing to appear at any hearing regarding the allowance of Professional Fees, (b) as appropriate, may interpose objections to such Professional Fees, and (c) shall be entitled to obtain reimbursement for the reasonable fees and expenses of its professionals relating to the foregoing.

7.11 Effectuating Documents; Further Transactions. Post Effective Date L&H shall be, and hereby is, authorized to execute, deliver, file, and record such contracts,



instruments, releases, indentures, certificates, and other agreements or documents, and take such other actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

7.12 Assumptions of Liabilities. The liabilities and obligations to make the Distributions as required under Sections III, IV and V of the Plan shall be assumed by Post Effective Date L&H, which shall have the liability for, and obligation to make, all Distributions of Cash, Available Cash, the Litigation Trust Beneficial Interests, or any other consideration or securities to be issued or distributed by Post Effective Date L&H under the Plan.

7.13 Substantial Consummation. Substantial consummation of the Plan under section 1101(2) of the Bankruptcy Code shall not be deemed to occur, the Chapter 11 Case shall remain open and not be deemed fully administered, and no final decree closing the Chapter 11 Case shall be entered pursuant to section 350(a) of the Bankruptcy Code and Bankruptcy Rule 3022, until the Effective Date.

7.14 Preservation of Certain Causes of Action. Except as otherwise provided in the Plan, including in Section 13.1 and Section 13.2 of the Plan, in accordance with section 1123(b) of the Bankruptcy Code, Post Effective Date L&H, as successor-in-interest to the Debtor, shall retain and may enforce all of the Debtor's claims, rights, and Causes of Action that are the property of the Estate (including Avoidance Actions (except to the extent such Avoidance Actions constitute Assigned Causes of Action or except as provided under Section 13.1 and Section 13.2 of the Plan)), and Post Effective Date L&H shall retain and enforce all defenses and counterclaims to all Claims asserted against the Chapter 11 Assets, including, but not limited to, setoff, recoupment, and any rights under section 502(d) of the Bankruptcy Code. Post Effective Date L&H may pursue such claims, rights, Causes of Action, counterclaims, and defenses, as appropriate, in accordance with its best interests, as determined by Post Effective Date L&H.

7.15 Cancellation of Existing Securities. On the Effective Date, except as otherwise provided for herein, (i) all securities, equity interests, notes, bonds, indentures, and other instruments or documents evidencing or creating any indebtedness, Equity Interest or obligation of L&H NV shall be as against the Estate and its respective successors extinguished and canceled, and (ii) the obligations of L&H NV under any agreements, indentures, or certificates of designation governing any securities, equity interests, notes, bonds, indentures, and other instruments or documents evidencing or creating any indebtedness, Equity Interest or obligation of the Debtor relating to the Chapter 11 Assets, as the case may be, shall be discharged. Notwithstanding anything to the contrary set forth herein, the extinguishment or cancellation of notes, bonds, or indentures shall not alter, impair, or affect any rights of holders of notes or bonds to receive any and all distributions in accordance with the terms of the Plan, or any rights of the PIERS Indenture Trustee or the Old Convertible Subordinated Notes Indenture Trustee to receive any amounts due and payable under the terms of the Plan, including, but not limited to, Indenture Trustees' Fees, all of which shall survive confirmation of the Plan.

7.16 Appointment of Scott L. Baena to Administer Plan. On the Effective Date, Scott L. Baena shall be appointed to serve as the sole officer and director of Post Effective Date L&H pursuant to the Plan Administration Agreement. Sufficient funds shall be retained by

Post Effective Date L&H through the Final Distribution Date to fund the retention of Scott L. Baena and the performance of the duties of Scott L. Baena and Post Effective Date L&H under the Plan. Scott L. Baena shall be exclusively responsible for making all Distributions of Cash and Litigation Trust Beneficial Interests under the Plan.

**7.16.1 Distributions Under Plan.** On the Effective Date or as soon as practicable thereafter, or on such later date that Distributions are required to be made on account of Allowed Claims, Post Effective Date L&H shall make, or shall make adequate reserve for, the Distributions required to be made to all holders of Claims (whether or not Allowed) under the Plan. Cash necessary to make the Distributions required under the Plan shall be provided from all excess Cash of Post Effective Date L&H (if any), or any other source. All Distributions reserved pursuant to this Section shall be held by Post Effective Date L&H, for the benefit of the holders of Claims entitled to receive such Distributions. The Plan Administrator shall place Cash Distributions reserved under the Plan in one or more interest bearing accounts in the United States, as the Plan Administrator determines may be necessary or appropriate to effectuate the provisions of the Plan, and such Cash shall be distributed to holders of Allowed Claims under the Plan.

**7.16.2 Plan Administrator's Obligations Under Plan.** From and after the Effective Date, the Plan shall be administered and actions shall be taken in the name of Post Effective Date L&H through, in accordance with the terms hereof, the terms of the Plan Administration Agreement and the laws of the United States, the Plan Administrator, including, but not limited to, (a) administering the Plan and taking all steps and executing all instruments and documents necessary to effectuate the Plan and (b) administering the Distributions under the Plan, including (i) making Distributions in accordance with the terms of the Plan and (ii) establishing and maintaining the various Disputed Claims Reserves.

**7.17 Securities Law Matters.** It is an integral and essential element of this Plan that (a) the Distribution to holders of Allowed Claims of the Litigation Trust Beneficial Interests pursuant to this Plan, (b) the distribution of the common stock of Reorganized Dictaphone distributed previously to L&H NV pursuant to the terms of the Dictaphone Plan and transferred to Post Effective Date L&H pursuant to the terms of this Plan, and (c) the liquidation, sale, Transfer or disposition of such common stock of Reorganized Dictaphone shall be exempt from registration under the Securities Act of 1933, as amended, pursuant to section 1145 of the Bankruptcy Code. Any such securities issued to an "affiliate" of the Debtor within the meaning of the Securities Act of 1933, or any Person that Post Effective Date L&H reasonably determines to be an "underwriter," and which does not agree to resell such securities only in "ordinary trading transactions," within the meaning of section 1145(b)(1) of the Bankruptcy Code, shall be subject to such transfer restrictions and bear such legends as shall be appropriate to ensure compliance with the Securities Act of 1933. It also is an integral and essential element of the Plan that Rule 144 under the Securities Act of 1933 be available to any such "affiliate" that is not otherwise such an "underwriter" for purposes of permitting re-sales of such securities. In accordance with the Dictaphone Plan, solely for purposes of section 1145 of the Bankruptcy Code, Reorganized Dictaphone shall not be determined to be a "successor" of L&H NV.

## SECTION VIII

### DISTRIBUTIONS UNDER THE PLAN

8.1 Timing of Distributions. If any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

8.2 Delivery of Distributions. Subject to Bankruptcy Rule 9010, and except as otherwise provided herein, Distributions to holders of Allowed Claims shall be made at the address of each of such holders as set forth in the Schedules filed with the Bankruptcy Court unless superseded by the address set forth on proofs of Claim filed by such holders (or at the last known address of such holders if no proof of Claim is filed, or if Post Effective Date L&H has been notified in writing of a change of address). If any Distribution to any holder of an Allowed Unsecured Claim is returned as undeliverable, no Distribution shall be made unless and until Post Effective Date L&H has determined the then-current address of such holder, at which time such Distribution to such holder shall be made to such holder without interest. Amounts in respect of any undeliverable Distributions made through Post Effective Date L&H shall be returned to and held by Post Effective Date L&H until such Distributions are claimed. Cash and other Distributions that are not claimed before the earlier of one year from the date of the Distribution or the date that the Chapter 11 Case is closed shall (a) be deemed unclaimed property under section 347(b) of the Bankruptcy Code, (b) shall revert in Post Effective Date L&H (and, shall be subject to redistribution, as appropriate, in accordance with the provisions of Section V of the Plan) and (c) shall be forever barred. Nothing contained in the Plan shall require Post Effective Date L&H to attempt to locate any holder of an Allowed Claim.

### 8.3 Record Date.

8.3.1 Equity Interests. At the close of business on the Record Date, the consolidated stockholders list or transfer ledger for the Equity Interests shall be closed, and there shall be no further changes in the record holders of the Equity Interests. Post Effective Date L&H, its agents and servicers shall have no obligation to recognize any transfer of such Equity Interests occurring after the Record Date. Post Effective Date L&H, its agents and its servicers shall be entitled instead to recognize and deal for all purposes hereunder with only (a) those record holders stated on the consolidated stockholders list or transfer ledger as of the close of business on the Record Date and (b) holders of Equity Interests domiciled outside of the United States who do not appear on the consolidated stockholders' list or transfer ledger and who held such Equity Interests as of the Record Date.

8.3.2 Record Date for Holders of Claims. Except as otherwise provided in a Final Order that is not subject to any stay, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Record Date shall be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Record Date.

8.4 Time Bar to Cash Payments by Check. Checks issued by Post Effective Date L&H on account of Allowed Claims shall be null and void if not negotiated prior to the earlier of one year from the date of such check or the closing of the Chapter 11 Case. Requests for re-issuance of any check shall be made in writing directly to Post Effective Date L&H by the holder of the Allowed Claim with respect to which such check originally was issued on or before the closing of the Chapter 11 Case. After such dates, all Claims in respect of void checks shall be forever barred, and the proceeds of such checks shall revert in and become the property of Post Effective Date L&H and subject to redistribution, as appropriate, in accordance with the provisions of Section V of the Plan.

8.5 Disputed Claims Reserves. On the Effective Date or such later date that Distributions are required to be made on account of Allowed Claims, and after making all Distributions required to be made on any such date under the Plan, Post Effective Date L&H shall establish a separate Disputed Claims Reserve for each of the Classes receiving Distributions under the Plan, each of which Disputed Claims Reserves shall be administered by Post Effective Date L&H. Post Effective Date L&H shall reserve the Ratable Proportion of all Cash, Available Cash, or other Distributions allocated for each Disputed Claim, or such amount as may be agreed by the holder of such Claim and Post Effective Date L&H liable on such Claim, or as may otherwise be determined by order of the Bankruptcy Court. All Cash, Available Cash, or other Distributions, as applicable, allocable to the relevant Class hereunder shall be distributed by Post Effective Date L&H to the Disputed Claims Reserve on the Effective Date or such later date that Distributions are required to be made on account of Allowed Claims. The Disputed Claims Reserve shall be closed and extinguished by Post Effective Date L&H upon its determination that all Distributions and other dispositions of Cash, Available Cash, or other Distributions required to be made under the Plan have been made in accordance with the terms of the Plan. Upon closure of a Disputed Claims Reserve, all Cash and Available Cash (including any Cash Investment Yield and any Cash dividends and other Distributions held in such Disputed Claims Reserve) shall be subject to redistribution, as appropriate, in accordance with the provisions of Section V of the Plan.

8.6 Tax Requirements for Income Generated by Disputed Claims Reserves. Post Effective Date L&H shall pay, or cause to be paid, out of the funds held in any of its Disputed Claims Reserves, any tax imposed by any federal, state or local taxing authority on the income generated by the funds or property held in such Disputed Claims Reserve. Post Effective Date L&H shall file, or cause to be filed, any tax or information return related to its Disputed Claims Reserves that is required by any federal, state or local taxing authority.

8.7 Untimely Claims. Except as otherwise expressly provided in this Plan, any Claim not deemed filed pursuant to section 1111(a) of the Bankruptcy Code or timely filed pursuant to the Bankruptcy Code, the Bankruptcy Rules, or any applicable order of the Bankruptcy Court, shall (a) not be treated as an Allowed Claim, and (b) be expunged from the Claims register in the Chapter 11 Case without need for any further notice, motion, or order.

8.8 Estimation of Claims. Post Effective Date L&H may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated administrative expense claim or Claim, including any Belgian Claim or Claim for taxes, to the extent permitted by section

502(c) of the Bankruptcy Code regardless of whether L&H NV, the Committee or Post Effective Date L&H have previously objected to such claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any claim at any time during litigation concerning any objection to any claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated claim, that estimated amount shall constitute either the Allowed amount of such claim or a maximum limitation on such claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such claim, Post Effective Date L&H may elect to pursue supplemental proceedings to object to any ultimate allowance of such claim. All of the aforementioned claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

8.9 Distributions After Effective Date. Distributions made after the Effective Date shall be deemed to have been made on the Effective Date.

8.10 Fractional Shares. Notwithstanding any other provision of the Plan to the contrary, no fractional shares shall be issued pursuant to the Plan. Whenever any payment of a fraction of a share under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole share (up or down), with half shares or more being rounded up and fractions less than half of a share being rounded down.

8.11 Fractional Cents. Notwithstanding any other provision of the Plan to the contrary, no payment of fractional cents shall be made pursuant to the Plan. Whenever any payment of a fraction of a cent under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole penny (up or down), with half cents or more being rounded up and fractions less than half of a cent being rounded down.

8.12 Minimum Distributions. Notwithstanding anything herein to the contrary, if a Distribution to be made to a holder of an Allowed Claim on any date for Distributions (other than the final Distribution Date) would be \$50.00 or less in the aggregate, no such Distribution will be made to that holder unless a request therefor is made in writing to Post Effective Date L&H no later than twenty (20) days after the Effective Date.

8.13 Interest on Claims. Except as specifically provided for in the Plan or the Confirmation Order, interest shall not accrue on Claims, and no holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid on any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim. Except as expressly provided herein, no pre-petition Claim shall be Allowed to the extent that it is for post-petition interest or other similar charges.

8.14 No Distribution in Excess of Allowed Amount of Claim. Notwithstanding anything to the contrary herein, no holder of an Allowed Claim shall receive in respect of such Claim any Distribution in excess of the Allowed Amount of such Claim.

8.15 Setoffs. Except as otherwise provided in the Plan, Post Effective Date L&H may, but shall not be required to, setoff against any Claim and the Distributions to be made pursuant to the Plan in respect of such Claim, any Claims of any nature whatsoever that the Debtor may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by L&H NV or Post Effective Date L&H of any right of setoff any of them may have against the holder of such Claim.

8.16 Payment of Taxes on Distributions Received Pursuant to Plan. All Persons and Entities that receive Distributions under the Plan shall be responsible for reporting and paying, as applicable, taxes on account of such Distributions.

8.17 Allocation of Distributions. Post Effective Date L&H intends first to allocate any and all Distributions made with respect to the Claims as a repayment of principal, with the excess, if any, thereafter being allocated as a repayment of accrued but unpaid interest.

## SECTION IX

### DISPUTED CLAIMS UNDER THE PLAN

9.1 Objection Deadline. As soon as practicable, but in no event later than one-hundred eighty (180) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court, objections to Claims and Equity Interests shall be filed with the Bankruptcy Court and served upon the holders of each such Claim or Equity Interest to which objections are made.

9.2 Prosecution of Objections after Effective Date. On and after the Effective Date, except as to applications for allowances of Professional Fees or as otherwise ordered by the Bankruptcy Court, the filing, litigation, settlement, or withdrawal of all objections to Claims and Equity Interests, including pending objections, shall be the responsibility of Post Effective Date L&H. Any Claim, other than a Claim for Professional Fees, which is not an Allowed Claim shall be determined, resolved, or litigated by Post Effective Date L&H by and through the Plan Administrator. Prior to the Effective Date, the filing, litigation, settlement, or withdrawal of all objections shall be the responsibility of the Debtor.

9.3 No Distributions Pending Allowance. Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or Distribution provided hereunder shall be made on account of the portion of such Claim that is a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim, but the payment or Distribution provided hereunder shall be made on account of the portion of such Claim that is an Allowed Claim.

9.4 Withholding of Allocated Distributions. Post Effective Date L&H shall withhold from the property to be distributed under the Plan for the benefit of holders of Disputed Claims Distributions in an amount sufficient to be distributed on account of such Disputed Claims, which Distributions shall be deposited in the applicable Disputed Claims Reserve.

9.5 Distribution When a Disputed Claim Becomes an Allowed Claim. Distributions to each holder of a Disputed Claim, to the extent that such Claim ultimately becomes an Allowed Claim (and to the extent that the holder of such Claim has not received prior Distributions on account of such Claim), shall be made in accordance with the provisions of the Plan governing the Class of Claims in which such Claim is classified.

## SECTION X

### EXECUTORY CONTRACTS AND UNEXPIRED LEASES UNDER THE PLAN

10.1 All Executory Contracts and Unexpired Leases Rejected if Not Listed on Assumption Schedule. Except as otherwise provided herein or pursuant to a Final Order approving the assumption and assignment of any executory contract or unexpired lease, effective as of the Confirmation Date, all executory contracts and unexpired leases of the Estate not specifically listed on the Assumption And Assignment Schedule shall be deemed to be automatically rejected as of the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections pursuant to section 365(a) of the Bankruptcy Code as of the Confirmation Date.

10.2 Assumed Executory Contracts and Unexpired Leases. All executory contracts and unexpired leases of the Estate specifically listed on the Assumption And Assignment Schedule shall be deemed automatically assumed and assigned to the party set forth in such list upon the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such assumptions and assignments pursuant to section 365(a) of the Bankruptcy Code. The Committee may at any time on or before the Confirmation Date (or, with respect to any executory contracts and unexpired leases for which there is a dispute regarding the nature or the amount of any Cure, at any time on or before the date of the entry of a Final Order resolving such dispute) amend the Assumption And Assignment Schedule to delete therefrom or add thereto any executory contract or unexpired lease, in which event such executory contract or unexpired lease shall be deemed to be rejected or assumed, respectively, as of the Confirmation Date. The Committee shall provide notice of any amendments to the Assumption And Assignment Schedule to the parties to the executory contracts or unexpired leases affected thereby, counsel to the Debtor, and to parties who formally have requested notice pursuant to Bankruptcy Rule 2002. The fact that any contract or lease is listed on the Assumption And Assignment Schedule shall not constitute or be construed to constitute an admission that such contract or lease is an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code or that the Debtor or any successor in interest to the Debtor has any liability thereunder. Each assumed and assigned executory contract and unexpired lease of the Debtor that relates to the use or occupancy of real property shall include (a) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease and (b) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements, vaults, tunnel or bridge agreements, or franchises, and any other interests in real estate or rights in rem related to such premises, unless any of the foregoing agreements has been rejected pursuant to a Final Order.

10.3 Payments Related to Assumption of Executory Contracts and Unexpired Leases. Any monetary amounts by which each executory contract and unexpired lease to be assumed and assigned under the Plan may be in default shall be satisfied by Cure, under section 365(b)(1) of the Bankruptcy Code. In the event of a dispute regarding (a) the nature or the amount of any Cure, (b) the ability of the assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order resolving the dispute.

10.4 Bar Date for Rejection Damages. If the rejection by the Debtor, pursuant to the Plan, of an executory contract or unexpired lease results in a Claim or Administrative Expense Claim, then such Claim or Administrative Expense Claim shall be discharged and barred forever and shall not be enforceable against L&H NV, Post Effective Date L&H or the Chapter 11 Assets, unless a proof of Claim or proof of Administrative Expense Claim is filed with the clerk of the Bankruptcy Court and served upon Post Effective Date L&H within thirty (30) days after the earlier to occur of (a) the Confirmation Date and (b) the entry of an order by the Bankruptcy Court authorizing rejection of the subject executory contract or unexpired lease.



10.5 Retiree Benefits. L&H NV has no retiree benefit plans, fund, or programs, as defined in section 1114 of the Bankruptcy Code, for the purpose of providing or reimbursing payments for retired employees and their spouses and dependents for medical, surgical, or hospital care benefits, or benefits in the event of sickness, accident, disability, or death under any plan, fund or program (through the purchase of insurance or otherwise). Accordingly, no payments relating to such retiree benefit plans, fund, or programs shall be made.

## SECTION XI

### CONDITIONS PRECEDENT TO THE CONFIRMATION DATE AND THE EFFECTIVE DATE

11.1 Conditions Precedent to the Confirmation of Plan. The following are conditions precedent to confirmation of the Plan that must be satisfied, unless waived in accordance with Section 11.3 of the Plan:

(a) Entry of the Confirmation Order. The Confirmation Order shall be in form and substance acceptable to the Committee and shall, among other things:

(i) decree that the assets of Post Effective Date L&H shall be free and clear of all Claims, Liens and encumbrances;

(ii) decree that all transfers of the Chapter 11 Assets contemplated under the Plan shall be free and clear of all Claims, Liens and all encumbrances against such assets and equity;

(iii) authorize the implementation of the Plan in accordance with its terms;

(iv) provide that any transfers effected or mortgages entered into or to be effected or entered into under the Plan shall be and are exempt from any state, city or other municipality transfer taxes, mortgage recording taxes and any other stamp or similar tax under section 1146(c) of the Bankruptcy Code;

(v) approve the other settlements, transactions and agreements to be effected pursuant to the Plan in all respects;

(vi) authorize the transfer of \$14,850,000 in Cash to the Curators for administration in the Belgian Case and for the benefit of Belgian Priority Claims in accordance with the terms of the Plan;

(vii) provide that all executory contracts or unexpired leases assumed by L&H NV and assigned during the Chapter 11 Case or under the Plan shall remain in full force and effect notwithstanding any provision in such contract or lease (including those provisions described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits such

assignment or transfer or that enables or requires termination of such contract or lease;

(viii) provide that all executory contracts or unexpired leases assumed by L&H NV during the Chapter 11 Case or under the Plan shall remain in full force and effect for the benefit of Post Effective Date L&H;

(ix) provide that the transfers of the Chapter 11 Assets to Post Effective Date L&H (A) are or shall be legal, valid, and effective transfers of property, (B) vest or shall vest Post Effective Date L&H with good title to such property free and clear of all Liens, Claims, encumbrances, and other interests, except as expressly provided in the Plan or Confirmation Order, (C) do not and shall not constitute avoidable transfers under the Bankruptcy Code or under applicable bankruptcy or non-bankruptcy law, and (D) except as expressly provided in the Plan, do not and shall not subject Post Effective Date L&H to any liability by reason of such transfer under the Bankruptcy Code or under applicable non-bankruptcy law, including, without limitation, any laws affecting successor or transferee liability;

(x) determine that any objection, not previously withdrawn or settled, to the adequacy of the information contained in the Disclosure Statement is overruled, and that the information contained in the Disclosure Statement was adequate for the purpose of soliciting votes for acceptance of the Plan;

(xi) find that the Plan complies with all applicable provisions of the Bankruptcy Code, including, without limitation, that the Plan was proposed in good faith and that the Confirmation Order was not procured by fraud;

(xii) except as expressly provided in the Plan, provide that all Equity Interests shall be extinguished and cancelled effective upon the Effective Date with respect to the Chapter 11 Assets;

(xiii) determine that the treatment of Securities Laws Claims as provided in the Plan is approved and authorized in all respects, effective as of the Effective Date, and that such treatment is valid, appropriate and in the best interests of the Estates;

(xiv) decree that, in accordance with section 508(a) of the Bankruptcy Code, any creditor that receives any consideration on behalf of a claim in the Belgian Case shall be prohibited from receiving a Distribution on such claim until all other creditors with claims of equal priority receive a Distribution equal in value to the consideration received by such creditor in the Belgian Case; and

(xv) determine that the allocation of L&H NV's assets between the Chapter 11 Case and the Belgian Case is fair, reasonable, approved, appropriate and in the best interests of the Estate.

(b) Finality of Disclosure Statement Approval Order. The Disclosure Statement Approval Order shall have been entered and be a Final Order.

11.2 Conditions Precedent to the Effective Date of the Plan. The Plan shall not become effective and the Effective Date shall not occur unless and until the following conditions shall have been satisfied or waived in accordance with Section 11.3 of the Plan:

11.2.1 Confirmation Order. The Confirmation Date shall have occurred and the Confirmation Order shall have been signed by the judge presiding over the Chapter 11 Case, and shall have become a Final Order.

11.2.2 Conditions to the Confirmation Date Remain Satisfied. All conditions precedent to the Confirmation Date shall have been satisfied and shall continue to be satisfied.

11.2.3 Execution of Documents. All actions, documents and agreements necessary to implement the provisions of the Plan to be effectuated on or prior to the Effective Date shall be reasonably satisfactory to the Committee and such actions, documents and agreements shall have been effected or executed and delivered.

11.2.4 Release of Collateral. Unless a particular Secured Claim is Reinstated: (i) each holder of: (A) a Secured Claim; and/or (B) a Claim that is purportedly secured shall on or immediately before the Effective Date: (x) turn over and release to Post Effective Date L&H any and all property of Post Effective Date L&H that secures or purportedly secures such Claim; and (y) execute such documents and instruments as Post Effective Date requires to evidence such claimant's release of such property; and (ii) on the Effective Date, all claims, right, title and interest in such property shall vest in Post Effective Date L&H free and clear of all Claims and Equity Interests, including, without limitation, Liens, charges, pledges, interests, encumbrances and/or security interests of any kind.

11.3 Waiver of Conditions Precedent. Each of the conditions precedent in Sections 11.1 and 11.2 hereof may be waived or modified, in whole or in part by the Committee. Any such waiver or modification of a condition precedent in Sections 11.1 and 11.2 hereof may be effectuated at any time, without notice, without leave or order of the Bankruptcy Court and without any other formal action.

11.3.1 Effect of Failure or Absence of Waiver of Conditions Precedent to the Effective Date of the Plan. In the event that one or more of the conditions specified in Section 11.2 of the Plan have not occurred (or been waived) on or before 120 days after the Confirmation Date, upon notification submitted by the Committee to the Bankruptcy Court and the Debtor, (a) the Confirmation Order shall be vacated, (b) no distributions under the Plan shall be made, (c) the Debtor and all holders of Claims and Equity Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the

Confirmation Date never occurred and (d) the Debtor's obligations with respect to the Claims and Equity Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtor or any other Person or Entity or to prejudice in any manner the rights of the Debtor or any Person or Entity in any further proceedings involving the Debtor.

## SECTION XII

### EFFECT OF CONFIRMATION

12.1 Post Effective Date L&H's Authority. Until the Effective Date, the Bankruptcy Court shall retain custody of and jurisdiction over the Debtor, including the Chapter 11 Assets. On the Effective Date, after transferring the Chapter 11 Assets to Post Effective Date L&H and the Assigned Causes if Action to the Litigation Trust, L&H NV, its property and interests in property and operations shall be released from the custody and jurisdiction of the Bankruptcy Court, except as otherwise provided herein.

12.2 Vesting and Liens. On the Effective Date, all of the Chapter 11 Assets shall be vested in Post Effective Date L&H free and clear of all Liens (except as expressly provided herein).

12.3 Injunction. Except as otherwise provided in the Plan or Confirmation Order (including any right to receive Distributions under the Plan) or a separate order of the Bankruptcy Court, as of the Effective Date, all Entities that have held, currently hold or may hold a Claim or other debt or liability that would be discharged or an Equity Interest or other right of an equity security holder that is terminated and canceled pursuant to the terms of the Plan, are permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated and canceled Equity Interests or rights: (1) commencing or continuing in any manner any action or other proceeding against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; (2) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against Post Effective Date L&H, the Estate or properties and interests in properties of each of the foregoing; (3) creating, perfecting or enforcing any lien or encumbrance against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; (4) asserting a setoff, right of subrogation or recoupment of any kind against any obligation due to Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; and (5) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan and the Confirmation Order. In addition, all holders of Belgian Priority Claims shall be prohibited from asserting such claims in the Chapter 11 Case or seeking consideration pursuant to the Plan on account of a Belgian Priority Claim. Such injunction shall extend to all successors of the Debtor and its creditors. Nothing in the Plan or the Confirmation Order shall prohibit, impede or prevent any party from pursuing a claim or taking any other action in the Belgian Case, or from pursuing a claim or taking any action against any assets other than the Chapter 11 Assets.

Nothing in the Plan or the Confirmation Order shall be deemed to discharge, enjoin, restrict or otherwise impair any rights that may exist in favor of a person or entity to assert any defensive rights of setoff or recoupment with respect to any cause of action that may be asserted against such person or entity by the Debtor or successor in interest to the Debtor, including the Litigation Trust described herein.

12.4 Term of Injunctions or Stays. Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Case pursuant to section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

### SECTION XIII

#### EXCULPATION

13.1 Avoidance and Recovery Actions. In accordance with Section 7.4.2 of the Plan, and subject to Section 7.14 of the Plan, all of the Assigned Causes of Action that belong to or could have been raised by or on behalf of the Debtor or Debtor In Possession or its respective Estate, have been transferred and assigned to the Litigation Trust. Post Effective Date L&H and the Litigation Trust, as the case may be, as the successors to the Debtor, shall retain and may prosecute any of the foregoing as a defense or counterclaim to any Claim, Counterclaim or action, including, but not limited to, any rights under section 502(d) of the Bankruptcy Code. All other Causes of Action are being retained by Post Effective Date L&H in accordance with Section 7.14 of the Plan.

13.2 Exculpation. Except to the extent of any willful misconduct or gross negligence, none of L&H NV, Post Effective Date L&H, or any of the L&H NV Parties (but solely in their capacities as L&H NV Parties) shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of, (a) the Chapter 11 Case, (b) the pursuit of confirmation of the Plan, (c) the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, (d) the Plan, (e) the negotiation, formulation and preparation of the Plan and any of the terms, settlements and compromises reflected in the Plan, and, in all respects, Post Effective Date L&H and each of the L&H NV Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan; provided, however, that the exculpation contained in this Section 13.2 of the Plan shall not apply, (x) with respect to the L&H NV Parties, to acts or omissions that occurred prior to the Petition Date, and (y) solely with respect to Post Effective Date L&H, the Litigation Trust, the Plan Administrator, the Litigation Trustee or the Curators, to acts or omissions that occur after the Effective Date.

13.3 Release Of Certain Intercompany Claims. As of the Effective Date, L&H NV, Post Effective Date L&H, and each of their respective successors and successors-in-interest, hereby release any and all Claims, other claims or Causes of Action that they have, may have, or claim to have, which are property of, assertable on behalf of, or derivative of the Estate against L&H Holdings or its Affiliates (other than L&H NV) in accordance with that certain Mutual Release Agreement among L&H Holdings and L&H NV dated on or about June 26, 2002, which

was approved by the Bankruptcy Court on August 13, 2002 and which became effective on the effective date of the L&H Holdings Plan; provided, however, such mutual releases among L&H NV and L&H Holdings shall not include (a) a release of certain claims relating to intercompany allocations of shared costs, including management costs, corporate marketing costs, professional fees and expenses, DIP fees, interest and related expenses, and insurance costs (which allocations have or shall be approved by the Bankruptcy Court) and (b) the U.S. Merger Claims and the Other U.S. Claims assigned to L&H NV pursuant to the Stipulation And Order Between Lernout & Hauspie Speech Products N.V. And L&H Holdings USA, Inc. And Baker Parties Compromising And Settling Claims (as such Claims are defined therein), dated January 31, 2002; and provided, further, that such releases shall include, but not be limited to, (x) other than the Claims provided for in subsection (b) above, any and all claims relating to that certain Agreement And Plan Of Merger dated as of March 27, 2000, by and among L&H NV, L&H Holdings, Dragon Systems, Inc. and the principal stockholders of Dragon Systems, Inc., any claims of breach of warranty or representations relating thereto, and (y) any remaining pre-petition and post-petition intercompany claims among L&H Holdings and L&H NV.

#### SECTION XIV

##### RETENTION OF JURISDICTION

14.1 Retention of Jurisdiction. The Bankruptcy Court may retain jurisdiction; and if the Bankruptcy Court exercises its retained jurisdiction, shall have exclusive jurisdiction, of all matters arising out of, and relating to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (i) To hear and determine pending motions for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of Claims resulting therefrom;
- (ii) To determine any and all adversary proceedings, applications and contested matters;
- (iii) To consider and rule on the compromise and settlement of any Claim against or Cause of Action on behalf of Post Effective Date L&H or its Estate;
- (iv) To ensure that Distributions to holders of Allowed Claims are accomplished as provided herein;
- (v) To hear and determine any timely objections to Administrative Expense Claims, Belgian Claims or to proofs of Claim filed, both before and after the Confirmation Date, including any objections to the classification of any Claim, and to Allow or Disallow any Disputed Claim, in whole or in part;

- (vi) To hear and determine any and all applications for the allowance of Professional Fees;
- (vii) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (viii) To issue such orders in aid of execution of the Plan, in accordance with section 1142 of the Bankruptcy Code;
- (ix) To consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in the Plan, including any exhibit thereto, or in any order of the Bankruptcy Court, including the Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan and to implement and effectuate the Plan;
- (x) To hear and determine all applications for awards of compensation for services rendered and reimbursement of expenses relating to implementation and effectuation of the Plan;
- (xi) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, including, but not limited to, disputes relating to the Plan Transactions;
- (xii) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- (xiii) To compel the conveyance of property and other performance contemplated under the Plan and documents executed in connection herewith;
- (xiv) To enforce remedies upon any default under the Plan;
- (xv) To enforce, interpret and determine any disputes arising in connection with any orders, stipulations, judgments and rulings entered in connection with the Chapter 11 Case (whether or not the Chapter 11 Case has been closed);
- (xvi) To resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan, or any Person's or Entity's obligations incurred in connection herewith;
- (xvii) To determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other

agreement or document created in connection with the Plan (including, but not limited to, the Plan Supplement) or the Disclosure Statement;

(xviii) To issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Plan;

(xix) To issue such orders as may be necessary or appropriate in aid of confirmation and/or to facilitate consummation of the Plan;

(xx) To determine such other matters as may be provided for in the Confirmation Order or other orders of the Bankruptcy Court as may be authorized under the provisions of the Bankruptcy Code or any other applicable law;

(xxi) To hear and determine (a) all motions, applications, adversary proceedings, and contested and litigated matters pending on the Effective Date, and (b) all claims by or against the Chapter 11 Assets arising under the Bankruptcy Code or non-bankruptcy law, if made applicable by the Bankruptcy Code, whether such claims are commenced before or after the Effective Date;

(xxii) To hear any other matter not inconsistent with the Bankruptcy Code; and

(xxiii) To enter a final decree closing the Chapter 11 Case.

#### 14.2 Modification of Plan.

(a) Subject to Sections 6.5 and 15.8 of the Plan, the Committee may alter, amend, or modify the Plan or any Exhibits thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. The Committee shall provide parties-in-interest with notice of such amendments or modifications as may be required by the Bankruptcy Rules or order of the Bankruptcy Court. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim of such holder.

(b) After the Confirmation Date and prior to substantial consummation (as defined in section 1101(2) of the Bankruptcy Code) of the Plan, Post Effective Date L&H may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not adversely affect the treatment of holders of Claims under the Plan; provided, however, that, to the extent required, prior notice of such proceedings shall be served in accordance with the



Bankruptcy Rules or an order of the Bankruptcy Court. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim of such holder.

## SECTION XV

### MISCELLANEOUS PROVISIONS

15.1 Payment of Statutory Fees. All fees payable pursuant to section 1930, title 28, United States Code, shall be paid on the Effective Date, and thereafter as they come due pending closing or dismissal of the case.

15.2 Role of Indenture Trustees: Certain Fees And Expenses of Indenture Trustees. Notwithstanding any other provision in this Plan, as soon as practicable after the Record Date, the Old Convertible Subordinated Notes Indenture Trustee and the PIERS Indenture Trustee shall provide to Post Effective Date L&H a list setting forth the identities of holders of any Class 4 PIERS/Old Convertible Subordinated Notes Claim and such other information that Post Effective Date L&H may require to effect such Distributions to holders of such Claims. Subject to the Effective Date occurring, the reasonable fees and expenses of the Old Convertible Subordinated Notes Indenture Trustee and the PIERS Indenture Trustee for services rendered shall be Allowed as Administrative Expense Claims against L&H NV, pursuant to section 503(b) of the Bankruptcy Code, and shall be paid by L&H NV or Post-Effective Date L&H without the need for the Old Convertible Subordinated Notes Trustee and the PIERS Indenture Trustee to file an application for allowance with the Bankruptcy Court, subject to such fees and expenses being reasonable. The Bankruptcy Court shall retain jurisdiction over any dispute regarding the reasonableness of such fees and expenses, and any and all rights, claims, and defenses of L&H NV and Post-Effective Date L&H with respect to the reasonableness of such fees and expenses, including, but not limited to the right to object to such fees and expenses, shall be expressly reserved.

15.3 Governing Law. EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE OR OTHER FEDERAL LAW IS APPLICABLE, OR TO THE EXTENT A SCHEDULE OR EXHIBIT HERETO OR INSTRUMENT, AGREEMENT OR OTHER DOCUMENT EXECUTED UNDER THE PLAN PROVIDES OTHERWISE, THIS PLAN, THE RIGHTS, DUTIES AND OBLIGATIONS ARISING UNDER THIS PLAN, AND ANY CLAIM OR CONTROVERSY DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS PLAN OR THE TRANSACTIONS CONTEMPLATED BY THIS PLAN (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL IN ALL RESPECTS BE GOVERNED BY AND INTERPRETED, CONSTRUED AND DETERMINED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION).

15.4 Notices. All notices, requests and demands to be effective shall be in writing (including by facsimile transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

To Counsel for the Committee:

Akin Gump Strauss Hauer & Feld LLP  
590 Madison Avenue, 20th Floor  
New York, New York 10022  
Attn: Ira S. Dizengoff, Esq.  
James R. Savin, Esq.  
Telephone: (212) 872-1000  
Facsimile: (212) 872-1002

-and-

Monzack and Monaco  
400 Commerce Center  
Twelfth and Orange Streets  
Wilmington, Delaware 19899  
Attn: Francis A. Monaco, Jr., Esq.  
Joseph Bodnar, Esq.  
Telephone: (302) 656-8162  
Facsimile: (302) 656-2769

To Post Effective Date L&H/Plan Administrator/Litigation Trustee:

Scott L. Baena, Esq.  
c/o Bilzin Sumberg Baena Price & Axelrod LLP  
Wachovia Financial Center  
200 South Biscayne Blvd, Suite 2500  
Miami, FL 33131  
Telephone: (305) 374-7580  
Facsimile: (305) 374-7593

To L&H NV:

Lemout & Hauspie Speech Products N.V.  
C/o Jean-Marc Vanstaen, Nieuwstraat 23  
Wervik, Belgium  
Telephone: 011-32-56-31-14-06  
Facsimile : 011-32-56-31-40-62

with a copy to Counsel for L&H NV:

Milbank, Tweed, Hadley & McCloy LLP  
1 Chase Manhattan Plaza  
New York, NY 10005-1413  
Attn: Luc A. Despins, Esq.  
Matthew S. Barr, Esq.  
James C. Tocce, Esq.  
Telephone: (212) 530-5398  
Facsimile : (212) 530-5219

-and-

Morris, Nichols, Arsht & Tunnell  
1201 North Market Street  
P.O. Box 1347  
Wilmington, Delaware 19899-1347  
Attn: Robert J. Dehney, Esq.  
Gregory W. Werkheiser, Esq.  
Donna L. Harris, Esq.  
Telephone: (302) 658-9200  
Facsimile: (302) 658-3989

To the Lenders:

KBC Bank N.V.  
125 West 55th Street  
New York, NY 10019  
Attn: Michael Curran  
Telephone: (212) 541-0600  
Facsimile: (212) 541-0784

with a copy to Counsel for the Lenders:

Chadbourne & Parke LLP  
30 Rockefeller Plaza  
New York, NY 10112  
Attn: Howard Seife, Esq.  
Theodore Zink, Esq.  
Telephone: (212) 408-5100  
Facsimile: (212) 541-5369

To the United States Trustee:

The Office of the United States Trustee  
J. Caleb Boggs Federal Building  
Suite 2313, Loxbox 35  
Wilmington, DE 19899  
Attn: Mark Kenney, Esq.  
Telephone: (302) 573-6491  
Facsimile: (302) 573-6497

15.5 Further Documents and Action. Post Effective Date L&H shall execute, and is authorized to file with the Bankruptcy Court, such agreements and other documents, take or cause to be taken such action, and deliver such documents or information as may be necessary or appropriate to effect and further evidence the terms and conditions of the Plan and to consummate the transactions and transfers contemplated by the Plan. Post Effective Date L&H, and all other parties, shall execute any and all documents and instruments that must be executed under or in connection with the Plan in order to implement the terms of the Plan or to effectuate the Distributions under the Plan, provided that such documents and instruments are reasonably acceptable to such party or parties.

15.6 Plan Supplement. Except as otherwise provided in the Plan, forms of the following documents shall be contained in the Plan Supplement and filed with the Clerk of the Bankruptcy Court at least seven (7) days prior to the Voting Deadline: the Assumption And Assignment Schedule, the Plan Administration Agreement and the Litigation Trust Agreement, the Mutual Release Agreement among L&H NV and L&H Holdings dated on or about June 26, 2002, and if available by such date, the lists of the initial members of the Litigation Monitoring Committee. Upon its filing with the Bankruptcy Court, the Plan Supplement may be inspected in the office of the Clerk of the Bankruptcy Court during normal Bankruptcy Court hours. Holders of Claims may obtain a copy of the Plan Supplement upon written request to the Committee in accordance with Section 15.4 of the Plan.

15.7 Plan Controls; Conflicts. In the event of any conflict or inconsistency between the terms of (a) the Plan (including all exhibits to the Plan), and (b) the Disclosure Statement, the terms of the Plan shall control.

15.8 Reservation of Rights. If the Plan is not confirmed by a Final Order, or if the Plan is confirmed and does not become effective, the rights of all parties in interest in the Chapter 11 Case are and shall be reserved in full. Any concessions or settlements reflected herein, if any, are made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Chapter 11 Case shall be bound or deemed prejudiced by any such concession or settlement.

15.9 Tax Reporting and Compliance. In connection with the Plan and all instruments issued in connection therewith and Distributions thereon, Post Effective Date L&H shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all Distributions hereunder shall be subject to any such withholding and reporting requirements. No holder of an Allowed Claim or Equity Interest against the Chapter 11 Assets shall effectuate any withholding with respect to the cancellation or satisfaction of such Allowed Claim under the Plan. Post Effective Date L&H is hereby authorized to request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all taxable periods of L&H NV ending after the Petition Date through, and including, the Effective Date of the Plan.

15.10 Binding Effect. The rights, benefits and obligations of any Entity named or referred to in the Plan, or whose actions may be required to effectuate the terms of the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity (including, but not limited to, any trustee appointed for L&H NV under Chapter 7 or 11 of the Bankruptcy Code). The Confirmation Order shall provide that the terms and provisions of the Plan and the Confirmation Order shall survive and remain effective after entry of any order which may be entered converting the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code, and the terms and provisions of the Plan shall continue to be effective in this or any superseding case under the Bankruptcy Code.

[END OF TEXT]

IN WITNESS WHEREOF, the undersigned has duly executed the Plan as of  
April 10, 2003.

OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF  
LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.

By: /s/ Michael Curran  
Name: Michael Curran on behalf of KBC Bank N.V.  
Capacity: Chairman of the Official Committee of  
Unsecured Creditors of Lernout & Hauspie  
Speech Products N.V.

**Exhibit B**

**Notice to Filing and Recording Officers  
of Entry and Terms of Confirmation Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	X	
	:	Chapter 11
	:	
LERNOUT & HAUSPIE	:	Case No. 00-4398 (JHW)
SPEECH PRODUCTS N.V.,	:	
	:	
Debtor.	:	
	X	

**NOTICE TO FILING AND RECORDING OFFICERS  
OF ENTRY AND TERMS OF CONFIRMATION ORDER**

TO ALL FILING AND RECORDING OFFICERS:

PLEASE TAKE NOTICE that on May 29, 2003, the United States Bankruptcy Court for the District of Delaware entered the Findings of Fact and Conclusions of Law Relating To, And Order Under 11 U.S.C. § 1129 Confirming, The Official Committee of Unsecured Creditors' Plan of Liquidation for Lernout & Hauspie Speech Products N.V. under Chapter 11 of the Bankruptcy Code, dated March 11, 2003 (the "Confirmation Order"). (Capitalized terms not defined in this notice have the meanings ascribed to them in the Confirmation Order or Plan). A copy of the Confirmation Order and the Plan are annexed hereto.

PLEASE TAKE FURTHER NOTICE that paragraph 38 of the Confirmation Order provides as follows:

(a) Pursuant to Section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of any security, or the making, delivery, filing, or recording of any instrument of transfer, under the Plan shall not be taxed under any law imposing a stamp tax, transfer tax, or similar tax.

(b) Without limiting the generality of subparagraph (a) of this paragraph, the making, delivery, filing, or recording at any time of any deed, bill of sale, mortgage, leasehold mortgage, deed of trust, leasehold deed of trust, memorandum of lease, notice of lease, assignment, leasehold assignment, security agreement, financing statement, or other instrument of absolute or collateral transfer required, or deemed necessary or desirable, by L&H NV, Post Effective Date L&H or the Plan Administrator, and other agreements or instruments related thereto shall not be so taxed.

(c) All filing or recording officers, wherever located and by whomever appointed, are hereby directed to accept for filing or recording, and to file or record immediately upon presentation thereof, all such deeds, bills of sale, mortgages, leasehold mortgages, deeds of trust, leasehold deeds of trust, memoranda of lease, notices of lease, assignments, leasehold assignments, security agreements, financing statements, and other instruments of absolute or collateral transfer without payment of any stamp tax, transfer



tax, or similar tax imposed by federal, state, or local law. This Notice, (i) shall have the effect of an order of this Court, (ii) shall constitute sufficient notice of the entry of this Order to such filing and recording officers, and (iii) shall be a recordable instrument notwithstanding any contrary provision of nonbankruptcy law. This Court specifically retains jurisdiction to enforce the foregoing direction, by contempt or otherwise.

Dated: May 29, 2003  
Wilmington, Delaware

BY ORDER OF THE BANKRUPTCY COURT  
Judith H. Wizmur,  
Bankruptcy Judge

**Exhibit C**

**Form of Notice of Entry of Confirmation Order**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

----- X	:	
In re:	:	Chapter 11
	:	
LERNOUT & HAUSPIE	:	Case No. 00-4398 (JHW)
SPEECH PRODUCTS N.V.,	:	
	:	
Debtor.	:	
----- X	:	

**NOTICE OF ENTRY OF ORDER UNDER 11 U.S.C. § 1129 CONFIRMING  
THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS' PLAN OF  
LIQUIDATION FOR LERNOUT & HAUSPIE SPEECH PRODUCTS N.V.  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

TO ALL HOLDERS OF CLAIMS AGAINST AND HOLDERS OF EQUITY INTERESTS IN  
LERNOUT & HAUSPIE SPEECH PRODUCTS N.V., AND OTHER PARTIES IN INTEREST:

PLEASE TAKE NOTICE that, on May 29, 2003, the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") entered the Findings of Fact and Conclusions of Law Relating To, And Order Under 11 U.S.C. § 1129 Confirming, The Official Committee of Unsecured Creditors' Plan of Liquidation for Lernout & Hauspie Speech Products N.V. under chapter 11 of the Bankruptcy Code (such plan of liquidation, as modified and amended, being the "Plan," and such order being the "Order"). Capitalized terms not defined in this notice have the meanings ascribed to them in the Order or the Plan.

PLEASE TAKE FURTHER NOTICE that, subject to the occurrence of the Effective Date, the provisions of the Plan bind L&H NV, any person or entity acquiring property under the Plan, and any holder of a Claim or Equity Interest, whether or not the Claim or Equity Interest of such creditor or equity security holder is impaired under the Plan and whether or not such creditor or equity security holder has accepted the Plan.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan, Priority Non-Tax Claims are unimpaired. Holders of Priority Non-Tax Claims will either be paid in full in Cash on the Effective Date or receive such treatment as to which L&H NV or Post Effective Date L&H, as the case may be, and such holder agree in writing. Unsecured Claims, PIERS/Old Convertible Subordinated Notes Claims, Common Stock, Securities Law Claims and Other Equity Interests are impaired and will receive only those distributions provided under the Plan.

**PLEASE TAKE FURTHER NOTICE** that, except as otherwise provided in the Plan or Confirmation Order (including any right to receive Distributions under the Plan) or a separate order of the Bankruptcy Court, as of the Effective Date, all Entities that have held, currently hold or may hold a Claim or other debt or Liability that would be discharged or an Equity Interest or other right of an equity security holder that is terminated and canceled pursuant to the terms of the Plan, are permanently enjoined from taking any of the following actions on account of any such Claims, debts or liabilities or terminated and canceled Equity Interests or rights: (1) commencing or continuing in any manner any action or other proceeding against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; (2) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against Post Effective Date L&H, the Estate or properties and interests in properties of each of the foregoing; (3) creating, perfecting or enforcing any lien or encumbrance against Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; (4) asserting a setoff, right of subrogation or recoupment of any kind against any obligation due to Post Effective Date L&H, the Chapter 11 Assets or properties and interests in properties of each of the foregoing; and (5) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan and the Confirmation Order. In addition, all holders of Belgian Priority Claims shall be prohibited from asserting such claims in the Chapter 11 Case or seeking consideration pursuant to the Plan on account of a Belgian Priority Claim. Such injunction shall extend to all successors of the Debtor and its creditors. Nothing in the Plan or the Confirmation Order shall prohibit, impede or prevent any party from pursuing a claim or taking any other action in the Belgian Case, or from pursuing a claim or taking any action against any assets other than the Chapter 11 Assets.

**PLEASE TAKE FURTHER NOTICE** that, nothing in the Plan or the Confirmation Order shall be deemed to discharge, enjoin, restrict or otherwise impair any rights that may exist in favor of a person or entity to assert any defensive rights of setoff or recoupment with respect to any cause of action that may be asserted against such person or entity by the Debtor or successor in interest to the Debtor, including the Litigation Trust described therein.

**PLEASE TAKE FURTHER NOTICE** that, pursuant to the Plan and the Order, the satisfaction pursuant to Section 12.3 of the Plan shall also act as an injunction against any Entity commencing or continuing any action, employment of process, or other act against L&H NV or Post Effective Date L&H to collect, offset, or recover any Claim or Cause of Action satisfied, or released under the Plan.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan and the Order, in accordance with Section 7.4.2 of the Plan, and subject to Section 7.14 of the Plan, all of the Assigned Causes of Action that belong to or could have been raised by or on behalf of L&H NV or its respective Estate, shall be deemed transferred and assigned to the Litigation Trust. The assignment shall include, but is not limited to, that certain Cause of Action commenced by Kemper Indemnity Insurance Company against, inter alia, L&H NV bearing Civil Action No. 03-CV-2214 (S.D.N.Y.). Post Effective Date L&H and the Litigation Trust, as the case may be, as the successors to the Debtor, shall retain and may prosecute any of the foregoing as a defense or counterclaim to any Claim, Counterclaim or action, including, but not limited to, any rights under section 502(d) of the Bankruptcy Code. All other Causes of Action are being retained by Post Effective Date L&H in accordance with Section 7.14 of the Plan

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan and the Order, except to the extent of any willful misconduct or gross negligence, none of L&H NV, Post Effective Date L&H, or any of the L&H NV Parties (but solely in their capacities as L&H NV Parties) shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of, (a) the Chapter 11 Case, (b) the pursuit of confirmation of the Plan, (c) the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan, (d) the Plan, (e) the negotiation, formulation and preparation of the Plan and any of the terms, settlements and compromises reflected in the Plan, and, in all respects, Post Effective Date L&H and each of the L&H NV Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan; provided, however, that the exculpation contained in this Section 13.2 of the Plan shall not apply, (x) with respect to the L&H NV Parties, to acts or omissions that occurred prior to the Petition Date, and (y) solely with respect to Post Effective Date L&H, the Litigation Trust, the Plan Administrator, the Litigation Trustee or the Curators, to acts or omissions that occur after the Effective Date.

PLEASE TAKE FURTHER NOTICE that, any party in interest wishing to obtain a copy of the Order may request such copy at their own expense by contacting Colin M. Adams, Esq., Akin Gump Strauss Hauer & Feld LLP, 590 Madison Avenue, New York, NY 10022, at (212) 872-1000. Copies of the Order may also be reviewed during regular business hours at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 6th Floor, Wilmington, Delaware 19801, or may be viewed at the Bankruptcy Court's website, [www.dcb.uscourts.gov](http://www.dcb.uscourts.gov).

Dated: May 29, 2003  
Wilmington, Delaware

BY ORDER OF THE BANKRUPTCY COURT  
Judith H. Wizmur,  
Bankruptcy Judge